



FEDERATION
BANCAIRE
FRANCAISE

*Banking supervision
And Accounting issues Unit*

The Director

Paris, August 16th 2013

French Banking Federation Response to the EBA Consultation on Draft Regulatory Technical Standards on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets (EBA/CP/2013/07).

Dear Madam,

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorized as banks and doing business in France, i.e. more than 390 commercial, cooperative and mutual banks. FBF member banks have more than 38,000 permanent branches in France. They employ 370,000 people in France and around the world, and service 48 million customers.

The French Banking Federation appreciates the opportunity to share its views on the Consultation Paper issued by the European Banking Authority on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets. We share the objective of the EBA to improve the monitoring of Large Exposures and significant improvements have already been achieved in that field with the recent implementation of the 2009 December CEBS guidelines that came into force on December 31st 2010.

However this draft RTS introduces a set of new highly prescriptive provisions related to schemes at a time where banks have just implemented the above mentioned CEBS guidelines on the Large Exposures.

**Ms Isabelle VAILLANT
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In this context, we wish to express our overarching concern on the timing of this draft RTS and its lack of coordination with other on-going regulatory developments undertaken at the international level, in particular the Basel proposal for reshaping the Large Exposures regime published in March 2013.

In addition, we consider it is premature to undertake a reshaping of the current Large Exposures framework in such a tight timeframe as we do not have enough hindsight on the shortcomings of the current rules. We therefore advocate the EBA RTS should stick as closely as possible to the 2009 CEBS guidelines.

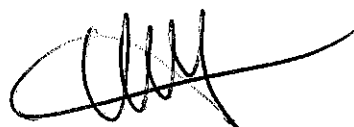
Our concerns regard mainly the following points:

- the omission of the alternatives to the look-through approach such as the one applicable to exposures that benefit from its granularity or the approach based on the mandate of the scheme ;
- the non-recognition of credit enhancement to measure the direct exposure on underlying assets ;
- this draft regulation is too restrictive on securitisation and thus could have a negative impact on banks' clients.

You will find in the annex attached a more detailed version of these comments and specific responses to the questions of the consultative document.

We thank you for your consideration and remain at your disposal for any questions or additional information you might have.

Yours sincerely,

P.O 

Jean-Paul Caudal