

Date
31 October 2008

Le Président

Fédération
des Experts
Comptables
Européens
AISBL

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Mr. Arnoud Vossen
Secretary General
CEBS
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E-mail: cp20@c-eps.org

Dear Mr. Vossen,

Re: CEBS Consultation Paper on Technical aspects of Diversification under Pillar 2

1. FEE (Fédération des Experts Comptables Européens, Federation of European Accountants) appreciates the open consultation launched by CEBS allowing all interested parties including supervised institutions and other market participants to provide their views on its Consultation paper on Technical aspects of Diversification under Pillar 2 (the "Consultation paper").
2. We welcome the Consultation paper and its core objectives, in particular to represent a flexible tool for use in the dialogue between supervisors and the industry (ICAAP-SREP dialogue).
3. We acknowledge that the proposed technical approach constitutes a good basis to understand and assess diversification claims for diversification benefits arising from internal models used by supervised institutions for Pillar 2 purposes. We note that this approach draws from earlier CEBS guidelines: namely on the implementation, validation and assessment of Advanced Measurement (AMA) and Internal Ratings Based (IRB) Approaches and Guidelines on technical aspects of stress testing under the supervisory review process (section on stress-testing).
4. In particular, we support the importance of ensuring that there is appropriate documentation of the validation processes (e.g. in Para 26 and 66 of the Consultation paper) in order to provide a good basis for financial reporting and for any other specific tasks which may be requested by regulators and other external parties in each individual country.

We would be pleased to discuss any aspect of this letter that you may wish to raise with us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Potdevin', is written over a horizontal line.

Jacques Potdevin
President

Ref: BAN/JP/SS-LF