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12 September 2014

Dear Sirs

Consultation Paper –
Consultation Paper on the draft guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013

We appreciate the opportunity to comment on the Consultation Paper – *Consultation Paper on the draft guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013* (the Paper) issued by the European Banking Authority (the EBA) in June 2014.

This letter provides a discussion of our views and comments on the Paper that are mainly focused on the clarity and consistency of the guidelines.

Support efforts to improve transparency

We welcome the EBA's effort to provide a framework for the transparent use of the concepts of 'materiality', 'proprietary' and 'confidentiality' and on a rationale for determining the frequency of disclosures. As we generally agree with initiatives that promote transparent Pillar 3 disclosures, we will not provide detailed comments on the specific questions in the Paper.

BCBS's Consultative Document on Pillar 3 disclosure requirements

In June 2014 the Basel Committee on Banking Supervision (the BCBS) issued the Consultative Document – *Review of the Pillar 3 disclosure requirements* (the Document). The Document proposes revised Pillar 3 disclosure requirements that banks may be required to comply with from the first reporting period on or after 1 April 2016.

We recognise that Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR) mandates the EBA to finalise the guidelines by 31 December 2014. However, we encourage the EBA reconsider the Paper in the light of the BCBS Document so that the EBA's final guidelines are as much aligned and consistent with the expected final revised BCBS Pillar 3 disclosure requirements. In addition, we encourage the EBA to consider building in the ability to revise its final guidelines before the effective date to

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ensure closer alignment with the expected final revised BCBS Pillar 3 disclosure requirements. We also suggest the EBA consider in its impact assessment the costs and benefits of issuing guidelines that go beyond current or proposed BCBS requirements. We believe that this will help limit the costs and efforts for preparers and promote global consistency.

Mapping of existing practices and requirements

We support the EBA's drafting of the guidelines with regard to the mappings of existing practices and requirements – e.g. the principles and indicators to assess materiality and the indicators to identify disclosure frequency. We agree that this promotes disclosures that are consistent with current or previous national practice, relevant and meaningful, and consistent implementation.

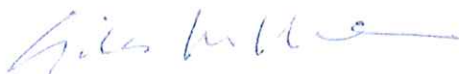
Proposed implementation date

It is not clear whether “These guidelines are to be complied with from January 1st, 2015” means that institutions should comply with the new guidelines for reporting periods on or after 1 January 2015 or that institutions should comply with the new guidelines for reports that are issued on or after 1 January 2015. We recommend the EBA make its intention on the implementation date explicit to avoid divergence in practice.

The Paper proposes compliance as from 1 January 2015. We believe that this proposed compliance date may be challenging for banks especially if it would mean compliance for reports that are issued on or after 1 January 2015 – see preceding paragraph. A short lead time may be particularly challenging for those banks that would be required to provide certain Pillar 3 disclosures with an increased frequency. There is a myriad of other regulatory and accounting changes that compete for the same resources – e.g. adoption of IFRS 9 *Financial Instruments*. Therefore, we recommend that the effective date be further deferred taking into account the time that will be required for the EBA to finalise the guidelines and for preparers to implement the finalised guidelines.

If you have any questions about our comments or wish to discuss any of these matters further, please contact Richard Andrews at +44 (0)20 7694 2783.

Yours faithfully



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