



December 1, 2014
ASBA/SG/222/14

**Secretariat to the Financial Stability Board
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland**

Dear Sirs:

Ref.: Consultative Document from the Financial Stability Board

Enclosed please find the Association of Supervisors of Banks of the Americas (ASBA) comment letter to the Consultative Document ***“Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions Not Represented on CMGs where a G-SIFI has a Systemic Presence”***.

We appreciate the opportunity to share with you our members’ views on several of the issues being addressed by the Guidance proposal and look forward to continue supporting your efforts to strengthen the financial regulatory framework.

Sincerely yours,

Rudy V. Araujo Medinacelli
Secretary General

Att. File ASBAs Regional Response – FSB on CMGs and SIFIs vf.

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COMMENTS FROM THE ASSOCIATION OF SUPERVISORS OF BANKS OF THE AMERICAS (ASBA) TO THE CONSULTATIVE DOCUMENT

“Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions Not Represented on CMGs where a G-SIFI has a Systemic Presence”

(ISSUED BY THE FINANCIAL STABILITY BOARD FOR COMMENTS BY DECEMBER 1ST, 2014)

The Association of Supervisors of Banks of the Americas (ASBA), a civil association registered in Mexico City since 1999, brings together 41 bank supervision and financial inclusion regulatory and supervision agencies from the Americas and Spain. ASBA’s goals are to: (i) promote and maintain close communication among the Association’s Members in order to facilitate cooperation among them and to promote the improvement of their technical capabilities; (ii) provide its members with a high-level discussion forum for the exchange of information, ideas, techniques, experiences and knowledge on bank regulation and supervision; (iii) promote and conduct research work on financial regulation, supervision and financial stability; (iv) organize and conduct systematic and permanent training programs as well as technical cooperation amongst its Members; (v) promote cooperation and technical exchange with non-member financial sector supervisors, standards’ setting institutions, international technical cooperation institutions, and organizations representative of the supervised entities.

In its role as a dialogue promoter and a forum for high-level discussion, ASBA shares all relevant consultative documents with its members to prepare regional responses. This document presents the views of several of its Associate Members on the “Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions Not Represented on CMGs where a G-SIFI has a Systemic Presence” consultative document.

Comments to the Consultative Paper

1. Is the process for identifying non-CMG host jurisdictions where a firm has a systemic presence and the respective roles of home and host jurisdictions in that process clear and appropriate?

The process for identifying non-CMG host jurisdictions is clear and appropriate as well as the proposed information flow is clear and transparent.

Provided the above, it would be advisable to add language recommending these processes to be replicated for identifying non-CMG hosts where **regional** SIFIs have a systemic presence.

2. Are the suggested criteria for assessing the systemic presence of G-SIFI in a non-CMG host jurisdiction appropriate? What additional considerations, if any, should be taken into account?



The criteria defined to determine whether an institution has a systemic importance are considered appropriate and adhere to those already suggested and developed in other documents from both, the Financial Stability Board and the Basel Committee on Banking Supervision, as indicated in the document.

However, under 3.1, it) “complexity”, language could be added to “...complexities from cross-border activity”, to address specific aspects such as (i) determining the kind of operations performed by the entity, as well as (ii) recognizing the simultaneity of concurrence of different types of risks.

In addition, the proposed criteria assesses if the operations of the firm are locally systemic through the same criteria adopted in the BCBS framework for dealing with D-SIBs. This criterion neither determines the weight of each of the four elements nor does it define how each of these elements should be obtained. Provided there could be discrepancies between the assessments of the home authorities and the non-CMG authorities, it would be convenient to have more prescriptive criteria for assessing systemic presence of G-SIFI in a non-CMG host jurisdiction. Understanding it is not the Guidance’s purpose to develop specific criteria, the mere mention - under 3.1 - of the convenience of having a specific criteria, and weights, may be sufficient.

Although it is understood that the intention of preserving the Basel Committee’s criteria for a G-SIFI, such as i) size; ii) interconnectedness; iii) substitutability; iv) financial complexity, as a Principles-based approach; it would be advisable to consider additional criterion, as well as additional methods, that could expand the scope for defining and identifying a G-SIFI.

3. Are there additional possible forms of arrangement with non-CMG host jurisdictions that should be described in the draft Guidance note?

Although the document provides sufficient alternatives regarding cooperation agreements, an additional paragraph, perhaps under the “Prerequisites for information sharing subsection” may be added. The latter could indicate that to avoid discrepancies between assessments made by local authorities and those made by home authorities of a G-SIFI, a homogeneous framework regarding information handling and financial reporting should be sought for and adopted.

4. Will the classes of information described in the draft Guidance note enable non-CMG host authorities to assess the potential systemic impact of resolution measures on the local operations of a G-SIFI? What additional types of information, if any, might non-CMG host jurisdictions require for that purpose?

The document provides an exhaustive list of detailed information that could be provided to hosts. The latter is ample and sufficient to allow non-CMG hosts to assess G-SIFI’s impact on local operations. The types of information described in the draft Guidance will also enable non-CMG host authorities to assess the potential systemic impact of a resolution strategy and resolution measures on the local operations of a G-SIFI.

Albeit the latter, an additional paragraph under item 4.8 may be added to entertain the possibility of information sharing with non-CMG host authorities that meet partially the standards set out in the KA, especially when they are committed to fully implement them in reasonable terms.



5. Are there any additional elements that should be covered or elaborated in more detail in the draft Guidance note?

The document has already advanced enough in its intent and the Guidance contains the most important elements to be considered. Thus, no additional elements are recommended.
