



Managing Complexity, Simply.

Financial Stability Board

Centralbahnplatz 2

CH-4002 Basel

Switzerland

24th September 2013

Dear Sir / Madam,

CONSULTATION: PRINCIPLES FOR AN EFFECTIVE RISK APPETITE FRAMEWORK

Thank you for the opportunity to respond to the consultation paper on Principles for An Effective Risk Appetite Framework.

Pcubed is a Program Planning Professional Services firm with offices around the world and a segment of our clients are participants in markets relevant to this legislation. As such we would like to raise some general questions but in no way do these questions represent nor are meant to be representative of our client views.

Risk Appetite Framework

1. Would the Board consider publishing templates for a Risk Assessment Framework in the future?

Risk Appetite Statement

2. Page 4, Section 2. Risk Appetite Statement - How often would the Board suggest that the risk appetite statement be reviewed and how should this exercise dovetail in to the strategic business review and planning?
3. Page 4, Section 2. Risk Appetite Statement states that *“Qualitative statements should complement quantitative measures, set the overall tone for the firm’s approach to risk taking and articulate the motivations for taking on or avoiding certain types of risks, products, country/regional exposures, or other categories.”* << Is there a sense among consulted parties that such a comprehensive statement to a meaningful level of detail of what and why certain risks are taken on board and others are avoided will consume

considerable amounts of time and costs? In addition, is there the sense among consulted parties that a comprehensive listing of the risks to be taken on and those to be avoided could prove administratively difficult to maintain as many risks are overlapping in nature and can be contradictory when viewed under certain conditions with little business value relative to the costs of preparing and maintaining the assessments.

4. Page 4, Section 2. Risk Appetite Statement states that *“Qualitative statements should complement quantitative measures, set the overall tone for the firm’s approach to risk taking and articulate the motivations for taking on or avoiding certain types of risks, products, country/regional exposures, or other categories.”* << Would the Board recommend quantitative statements of this nature be agreed upon by all members of the business steering committee and that any disagreement of risk policy be met with hard and soft limits controls, limited exposures with fixed timeframes and/or an outright avoidance of said risks?
5. Would the Board consider publishing templates for a Risk Assessment Statement in future?

Roles and Responsibilities

6. Page 10, Section 4.6.c states that Internal Audit should *“independently assess at least annually the design and effectiveness of the RAF and its alignment with supervisory expectations”* << What are the criteria suggested for assessing the degree of independence of the annual review?

Regards,



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