

Comments on the Financial Stability Board's Consultative Document

Understanding Financial Linkages:

A Common Data Template for Global Systemically Important Banks

Japanese Bankers Association

The Japanese Bankers Association (JBA) is an industry association of 142 Japanese banks and 46 non-Japanese banks with operations in Japan. The viewpoints presented herein reflect the consensus of Japanese member banks.

JBA appreciates the opportunity to comment on the consultation paper, *Understanding Financial Linkages: A Common Data Template for Global Systemically Important Banks*, released October 6, 2011, by the Financial Stability Board (FSB).

We hope that our comments below will assist the FSB in finalizing the Proposals going forward.

【General comments (the purpose of data collection)】

1. Clarification of scope and use of intended data collection, supervisory benefits

- There is a need for greater clarity regarding the policy significance and scope and use of the intended data collection. In particular, data collection that involves costs is unacceptable without reasonable benefits. We request a detailed and clear explanation of what supervisory improvements can be expected from the proposal.
- Further, the purpose and effectiveness of data collection should be sufficiently examined.

2. Data collection should reflect risk management systems that differ by business model

- We understand that the purpose of the proposed data collection and analysis includes promoting stronger risk management among financial institutions in response to the financial crisis.
- The businesses of Japanese commercial banks are based upon the commercial needs of client companies, even for derivatives transactions. Unlike investment banks, Japanese banks are not supposed to engage in speculative and leveraged transactions. Commercial banking businesses and investment banking businesses should be considered separately in terms of financial linkage to the systemic crisis.

- We recognize that risk management methods and data necessary for such purposes differ between commercial banks and investment banks. Investment banks' data is market data (eg., marketable securities with market value), and we believe that such data can be submitted quickly. On the other hand, commercial banks must manage credit risk, and relevant data cannot be quickly produced for submission.
- Thus, the proposal includes data collection and reporting frequency that would exceed the metrics required for risk management at commercial banks. Individual financial institutions already have their own risk management structures that adequately address their business operations; however, the proposal is inconsistent with risk management as needed by financial institutions. For example, collecting data beyond the necessary scope, detail, and frequency from the viewpoint of individual bank's large exposure risk management (eg, constructing database records of maximum credit lines exceeded and/or data reporting on a weekly basis) is unnecessary.

3. Application of practical approach, reconsideration of reporting frequency and sufficient preparation periods

- It is clear that financial institutions would incur substantial initial costs as well as running costs and workloads in responding to this proposal. Therefore, data collection should be limited to only truly necessary items, based on different risk attributes in business models. If the data sought is broad and detailed, or if data is requested on a consolidated group basis, then we strongly request that a practical approach be applied to aggregated data as described below.
- First, the proposal would require data collection exceeding the current management level of financial institutions. Thus, for example, we request approval of monthly or quarterly submission of non-market data to be considered in response to differences based on business model.
- Next, gathering only significant data rather than all data would allow the intended analysis in the proposal. For example, exempting immaterial entities within a group (that is, allowing previously reported figures for immaterial entities) would not only greatly alleviate burdens, but would also be supported from a cost-benefit perspective.
- In addition, sufficient time for new IT system development is needed in preparation for the proposal in each financial institution. We thus request an adequate period be allotted for the introduction schedule outlined in the proposal.

4. Clarification of data definitions

- In order to develop IT systems for the proposal, clarification of collected data

definitions is necessary at an early point, and we ask that this be carried out. Also, because databases may differ among individual financial institutions and entities within groups, data definitions should not be overly detailed.

5. Avoiding overlap with other supervisory reporting

- The data sought in the proposal will likely largely overlap with indicator data and exposure data required of G-SIBs and RRP frameworks, as well as various reports already submitted to supervisors in each jurisdiction.
- In order to also avoid placing excessive burdens on financial institutions, we seek both the reduction of existing reports and the exemption of those data items that are already required and interchangeable.
- Next, international data in relation to G-SIBs and RRP frameworks is reported separately, but we are concerned that the proposal seeks duplicated submissions of such data. We ask that necessary G-SIBs and RRP frameworks data items be coordinated so that compiling and reporting banks are not burdened with duplicated workloads.

6. Data related to structural and systemic importance (Appendix 4)

- The proposal would require quarterly reports on risk-weighted assets as key resilience indicators, but reports are already required to be submitted to supervisors in individual jurisdictions under capital adequacy regulations. The existing reporting system should thus be utilized, as an additional reporting system as proposed is unnecessary because of the added burden it would place on financial institutions.
- Calculating risk-weighted assets requires collecting voluminous amounts of data, complex measurements and reviews. In terms of frequency and reporting lag for preparing financial statement for disclosure, we firmly believe that current workload is the maximum possible and strongly request this be kept in mind.
- With reporting details unclear, fulfilling the proposal would be impossible, if an accelerated reporting schedule of risk-weighted assets and/or additional detailed reporting requirement are requested under a new system.

【Specific comments】

○ Institution-to-Institution (I-I) data (credit exposures)

Q1. Institution-to-Institution data (exposures): Score 5

- ◇ The businesses of commercial banks are based upon commercial needs from client companies, even for derivatives transactions. Unlike investment banks, commercial banks are not supposed to engage in speculative and leveraged transactions. It is difficult to find additional benefits from the perspective of risk management and

supervisory monitoring. In general, much of Japanese banks' credit exposure is JPY-denominated loans to domestic businesses. Further, there is recognition that transactions with financial institutions are sufficiently covered under existing risk management systems that monitor exposures using maximum credit line limits.

- ✧ Costs incurred to include consolidated companies would be difficult to estimate, because it is impossible to consider all the differing business conditions and objectives of subsidiary companies. Note that the response cost for *Top 50* individual counterparty data would vary, depending on whether the *Top 50* is defined as the *Top 50 of each instrument* or the *Top 50 of all instruments*.
- ✧ Collecting *Top 50* individual counterparty data requires collecting all details of group companies, collating accounts held by the same counterparty and then determining those counterparties. Collecting all details and collating accounts would be very difficult in practical terms.

Q2. Number and identification of counterparties: Score 5

- ✧ The marginal cost from increasing the number of counterparties from 50 to 60 for I-I data collection is unclear. There is already a significant burden from data collection in terms of 50 counterparties, and because there is not a big difference, we assign a score of 5.
- ✧ Rather, we propose that significantly reducing the number of counterparties to 10 or fewer, setting a specific threshold, or pre-specifying individual counterparties to a small number could result in lower costs.

Q3. Frequency of reporting: Score 5

- ✧ Under current banking reporting systems, business operations flows are often based on monthly cycles, and the cost burden of switching to a weekly system would be significant.
- ✧ For example, in terms of the difference between *monthly* and *weekly*, the data collection workload imposed would increase by more than a multiple of four; each four-week workload is far more than that of one month. *Weekly* data collection would be impossible without assuming sufficient feasible assumptions (scope of counterparties surveyed, data items, etc.).
- ✧ Data collection for consolidated groups that include all subsidiaries is generally realistic on a quarterly basis, just as with preparing consolidated financial data.
- ✧ We do not expect that exposure data of assets in investment funds would be required with a look-through approach. But if so, this would be impossible.

Q4. Score 5

- ✧ Proposed Institution-to-Institution (I-I) data (data on top 50 individual

counterparties) and Institute-to-Aggregate (I-A) data (data compiled by country, sector, financial instrument, currency, and residual term) are both too broad and too detailed. Thus, ensuring completeness and precision would be difficult. Therefore, a practical approach or ‘best effort’ coverage should be permitted.

- ✧ At present, aggregation in terms of final risk entails a significant amount of work that cannot be done by IT systems, including additional aggregation of marketable securities, collateral, guaranties, and hedges. Therefore, it would be difficult to ensure correctness and completeness even with human effort. Also, we think that completing reports within the proposed lag would be difficult.

Q5. Reporting lag (report deadline): Score 5

- ✧ Weekly reporting frequency and a three-day reporting lag requirement are the most contentious proposals. We are afraid that regulators consider it feasible to require a level of data that can be produced with ‘one touch’ in report format for entire consolidated groups within required timeframes. This idea is practically impossible.
- ✧ Generally, overseas branch and consolidated subsidiary data require more time due to data linkages among IT systems and exchange rate conversions. Thus, we think that a three-day reporting lag would be impossible to meet for most banks.
- ✧ Even existing databases currently require several business days to update all data within a bank.
- ✧ Furthermore, several days are needed to ensure the accuracy of the collected data even after it is gathered at the headquarters. The data must be compiled by the related sections and/or subsidiaries and reviewed, then compiled including the group parent company. A sufficient number of days are required for data compilation even after data is collected at the site. At minimum, at least as much time as needed for preparing financial statements would be required.

○ Institution-to-institution (I-I) data (funding dependencies)

Q6. I-I data (funding)

- ✧ Incurred costs for including consolidated companies would be difficult to estimate, because it is impossible to consider all the differing business conditions and objectives of subsidiary companies. Note that the response cost for *Top 50* individual counterparty data would change depending on whether *Top 50* is defined as the *Top 50 of each instrument* or the *Top 50 of all instruments*.
- ✧ Collecting funding side I-I data (individual principal providers) is impossible for instruments that are traded in the secondary markets, like CP (commercial paper) .

Q7. Number and identification of funding providers: Score 5

- ✧ A score of 5 is assigned for the same reasons as for Question 2.

Q8. Frequency of reporting: Score 5

- ✧ As with Question 5, weekly reporting frequency and a three-day reporting lag are the most contentious proposals.
- ✧ Note that management methods of market-related transactions and client-related transactions differ. A large number of deposit transactions in client-related transactions in the proposal are already strictly managed. If wholesale deposits in the proposal were exempted, then the scope of compilation could be limited to market-related transactions. This would contribute to lower response costs.

Q9. Maturity breakdown

- ✧ The allocation of funding providers and extension of maturities are ongoing issues for commercial banks. Thus, for example the share of large exposure counterparties among total procurements and average maturity is gauged and then managed. Responding to this question may be possible.
- ✧ On the other hand, we do not think that collecting the names of individual funding providers is absolutely necessary. Further, collecting data on the ratio of large exposure counterparties among overall funding and average maturity trends would allow effective risk management later on without collecting the names of individual funding providers. It is not necessary to report these data within three days, or on a weekly or monthly basis as preliminary data.

Q10. Reporting lag (report deadline): Score 5

- ✧ A score of 5 is assigned for the same reasons as for Question 5.

○ Institution-to-aggregate (I-A) data (exposures)

Q11. I-A data (exposures): Score 5

- ✧ Although we assigned a score of 5, the burden would be alleviated if the scope of collection is narrowed or the deadline is extended.
- ✧ Seven sector breakdowns of I-A data (7-12 categories) are very detailed, and collection is difficult.
- ✧ The proposal outlines a three-phase introduction timetable. However, a full introduction by the end of 2014 would be premature, given the need to develop IT systems. We seek a sufficient preparation period in consideration of cost burdens on financial institutions and impact on operations.
- ✧ Further, an adequate data collection structure may not be established upon initial introduction. Testing and observation periods should be established as much as possible. Following analysis, examination, and additional discussion of the collected data by individual countries' authorities, coordination should be made prior to

full-scale introduction.

- ✧ For example, the scope of data collection should be limited to the present scope for the BIS International Consolidated Banking Statistics (consolidated banking statistics). It should start initially with individual banks, then expand step-by-step among consolidated companies as necessary. Expanding the scope to include immaterial entities cannot be justified from a cost-benefit perspective. Data related to immaterial entities should be exempted or previous data should be allowed to be used.
- ✧ Concerning existing BIS consolidated banking statistics only non-residents are covered, and the burden would be expected to increase significantly for by-county and by-sector framework data.
- ✧ Further, we believe that introducing the proposed sector breakdowns would require individual banks to make their own qualitative decisions. Thus, the very effectiveness as collected data would be doubtful. For example, financial companies within financial conglomerates could be treated differently due to different decisions. Also, qualitative decisions of individual company units would require a considerable amount of human effort.
- ✧ Current data reporting systems require four weeks for compilation, even though they do not involve detailed content such as sector, instruments, and currency. Even if the new system is fully operational at major overseas branches, or if data facilities are improved, there will certainly still be work that cannot be handled by the systems. The proposed coverage and reporting lag would be impossible.
- ✧ Also, even under the assumption that data acquisition is possible, time and costs are needed to develop IT systems for data collection and related compilation reporting formats.

Q12. Country breakdown

- ✧ Changes in cost from an increase in level 1 countries cannot be assessed. Collecting on a consolidated basis is necessary and a cost burden commensurate with that would be expected.
- ✧ The number of countries for which data is collected has declined compared to existing BIS consolidated banking statistics. But for the purpose of data collection on a consolidated basis, assuming that the collection scope includes subsidiaries like overseas branches and local affiliates, then significant cost burdens for both IT system and human resources would be expected to arise.

Q13. Sectors: Score 4

- ✧ Because these would be new requirements not included in the BIS consolidated banking statistics, developing additional IT systems would be necessary. We would

expect burdens of about the same size, whether developing the systems involves seven or 12 breakdowns.

- ✧ Individual banks must make independent qualitative decisions in order to realize the proposal's sector classifications/crossings, and therefore the validity of the collected data will be questioned. For example, financial companies under financial conglomerates could be handled differently due to different decisions. Also, qualitative decisions of individual company units would require a considerable amount of human effort.
- ✧ Detailed definitions necessary for IT system development and construction of work flow are unclear in the proposal. It is very likely that additional IT system development would be particularly necessary for *nonbanks*, *non-financial institutions*, and *household accounts*, so the details and definitions should be clarified at an early stage.

Q14. Financial instruments

- ✧ Not gradable. Although approximately the same costs would be expected whether eight or 10 instruments are involved in developing IT systems, data (data calculated by country, sector, financial instrument, residual term) definitions, like securitized instruments, are not clear. Because data are both too broad and too detailed, ensuring completeness and precision would be difficult.
- ✧ The major currencies used for Japanese banks' risk management (USD, EUR, JPY) are sufficient for I-A data funding reports. Only very small sums of other currencies appear on Japanese banks' balance sheets, and are on a scale that can be negligible in terms of materiality principle.
- ✧ We would like a practical approach— such as limiting the scope of coverage based on materiality criteria — to be allowed as long as it is still possible to meet the objectives of the proposed data collection.

Q15. Maturity

- ✧ Not gradable. Estimating changes in cost due to increases or decreases in number of categories in developing IT systems is difficult.
- ✧ Although the allocation of funding providers and extension of maturities are ongoing issues for commercial banks, there is no such concept as residual term in IT systems generally. Thus, residual maturities are determined within the system from start date and end date input data, and this is a significant system burden.

Q16. Crossings

- ✧ Cost differentials stemming from differences in report crossings cannot be graded.
- ✧ Because collecting broad and detailed data for any report crossing is necessary,

extremely large costs would still be needed. Note that in the case of the five dimension proposal, a simple calculation yields a huge number of cells (35,580-126,000), and not only would ensuring the completeness and precision of the data itself be difficult, we also cannot envision the report format.

Q17. Frequency: Score 5

- ✧ Generally, data collection on a consolidated basis including subsidiaries is practically realistic on a quarterly basis, as with consolidated financial data. Switching to a monthly basis would tremendously increase work burdens and costs, equivalent to switching to producing monthly bank financial data.
- ✧ Practical responses limited to the scope of collection based on materiality criteria should be allowed.

Q18. Reporting lag (report deadline)

- ✧ Furthermore, several days are needed to ensure the accuracy of the collected data even after it is gathered at the headquarters. The data must be compiled by the related sections and/or subsidiaries and reviewed, then re-compiled to include the group parent company. A sufficient number of days are required for the data compilation process even after data is collected at the site. At minimum, at least as much time as needed for preparing financial statements would be required.
- ✧ Also, it should be borne in mind that financial instruments subject to impairment or self-assessment, or securities valued at mark-to-market would require several days to several weeks for confirmation of exposure balances.

Q19. Metrics, Risk Transfer, and Exposures Data: Score 5

- ✧ Because I-A data report crossings are extremely detailed, it is difficult to carry out data collection to include subsidiary companies, as with Q11, regardless of final risk and initial borrower bases.
- ✧ At present, much of additional compilations of securities, collateral, guaranties, and hedges, etc., on a final risk basis cannot be handled by the IT system. It is therefore difficult to ensure completeness and precision even with the use of human effort. Further, we think that compiling the reports within the given timeframe would be difficult.

○ Institution-to-Aggregate (I-A) data (funding dependencies)

Q20. Institution-to-aggregate funding data (procurement): Score 4

- ✧ The BIS consolidated banking statistics include only minimal funding reporting, and costs would increase if consolidation scope and/or compilation scope are expanded, compared to the report for the BIS International Locational Banking Statistics

(locational banking statistics). In introducing effective regulations, at least one to two more years than proposed would be necessary for the additional preparation.

- ✧ If the scope of coverage is reduced and the preparation period extended, as with the BIS consolidated banking statistics, our score would be 3. Further, an alternative of introducing the data collection on a non-consolidated basis at first should be considered.
- ✧ There is overlap with internal ALM risk management, and any benefit for individual banks would be limited.
- ✧ Offering information using the proposed template would require not only IT system development in order to manage the data, as well as developing firm-wide linked interfaces with multiple IT systems. Also, costs would continuously arise, not only initial costs, but also additional costs for maintenance. Furthermore, additional work effort would be necessary if further transaction data inputs are needed as required items.

Q21. Financial instruments

- ✧ Impossible to grade. It is difficult to gauge changes in cost for IT system development arising from increases or decreases in number of categories.

Q22. Residual maturity: **Score 3**

- ✧ Developing IT systems would be expected to generate the same development cost whether there are three categories or eight categories.
- ✧ Generally, current IT systems do not address the concept of residual term. This would thus be determined by the system using start date and end date, which would be a significant burden for the system. Thus, we assign a score of 3.
- ✧ We would like clarification of how residual maturity for demand deposits (considering retention ratio, etc.) would be handled. Also, there are some views that monitoring changes in the original contract period, rather than residual maturity, is effective for measuring liquidity risk and credit risk for funding. We thus ask that this be revisited.

Q23. Sector: **Score 4**

- ✧ Present BIS consolidated banking statistics do not include sector crossings, which are expanded considerably more even compared to the report for the BIS locational banking statistics. Making this a new requirement would be difficult with the current database, and further IT system development would be needed. We expect the same development costs, whether there are seven or 12 crossings.
- ✧ We estimate that Japanese banks would incur several hundreds of millions to a billion JPY in initial development costs.

- ✧ Sufficient definitions needed for IT system development and construction of work flow are unclear in the proposal. In particular, it is very likely that additional IT system development would be necessary for *nonbanks*, *non-financial institutions*, and *household accounts*, so the sufficient definitions should be clarified at an early stage.
- ✧ For bank-issued financial instruments for which holder details are not available, such as bonds, reporting by country and/or sector classifications is impossible. Sectors can only realistically be specified for deposits.
- ✧ We request that crossing standardization and reduction of duplicated items be considered for major funding providers, as covered by I-I data (funding) reports.

Q24. Crossings and aggregation

- ✧ Impossible to grade for the reasons below.
- ✧ IT system impacts from expanding categories generally differ in how requirements are defined, and development costs do not differ considerably. However, it is necessary to continuously validate IT system calculation data and to confirm the consistency between two crossings in order to ensure the correctness of data. The greater the number of cells, the more work involved, and the number of cells should be limited to the minimum necessary.
- ✧ For bank-issued financial instruments that do not have holder details, such as bonds, reporting by country and/or sector classifications is impossible.
- ✧ Financial instruments with short residual terms are likely to no longer exist due to reported timing. We think that there is little need for crossing and reporting data.
- ✧ A considerable amount of work is involved in registering new sector crossings for deposit contracts with large numbers of transactions (Score 5). On the other hand, the data for major funding providers are also included in I-to-I data (funding) reports. We thus request that lessening the work burden, for example by standardizing crossings and reduction of duplicated items, be considered.

Q25. Reporting lag (report deadline): **Score 5**

- ✧ Our view is the same as with Q18.

○ **Structural and systemic importance data**

Q26. Structural data: **Score 3**

- ✧ The data requested in the proposal largely overlaps with indicator data and exposure balances required by G-SIFI and RRP frameworks, as well as existing reports submitted to various regulators. In order to also avoid excessive burdens on financial institutions, we ask that eliminating existing reports as well as synthesizing with data items required by G-SIFI and RRP frameworks be considered.

- ✧ Also, we request that data that can be substituted in existing reports be exempted.
- ✧ There is little data that can be compiled quarterly, compared to annually. Therefore, in order to ensure data submission on an annual level, developing a system similar to annual financial data preparation system would be necessary. This would be a tremendous burden.

○ **Passive data**

Q27. Passive data: Score 5

- ✧ Passive data would involve considerable costs depending on contents, including IT system development and manpower. The data contents and scope and timetable should be within reasonable limits.
- ✧ Frequency and precision generally tend to be inversely proportional, and system risk and operational risk increase the longer systems are on hold. Also, allocating reasonable human resources availability for reporting work that is difficult to anticipate is not reasonably justified, so it would be appropriate to establish a system limiting the number of reporting under a fixed frequency.
- ✧ However, requirements for high frequency and additional crossings would in fact be difficult to meet even with advance notice since this requirement contains data beyond IT system capabilities.

Q27-A. Higher frequency

- ✧ Additional costs would arise with higher frequency.
- ✧ Benefits are limited, and substantial benefits would not be expected.

Q27-B. Change in counterparty

- ✧ Additional costs would arise with additional counterparty reports.

Q27-C. Additional granularity

- ✧ Normally, IT systems development is planned on a yearly basis, so it is impossible to promptly and reliably respond to additional granularity requirements.
- ✧ Further, it is impossible or almost impossible to acquire external information for additional crossings of requested data beyond existing transaction information held in-house. Some details are impossible to gather immediately, such as fund investments, and it is unclear whether it is possible to fully provide more detailed data.
- ✧ When additional data is requested, this can be provided only on a 'best effort' basis using human labor and available data from existing IT systems.

○ Ad-hoc data

Q28. Ad-hoc data: Score 5

- ✧ We expect ad-hoc data would incur considerable costs, including IT system and human resources costs, depending on the content. We ask that after the proposal is confirmed, fixed data collection frameworks be maintained over the medium and long terms. Realistic approach for data contents, scopes and timeframes would be desirable.
- ✧ It is still impossible for current IT systems to handle unanticipated data requests, no matter what regulatory procedures are in place. Substantial changes to already-established IT infrastructure and data design overall would be necessary in order to fulfill this.

○ Access and confidentiality issues: Improving the sharing of information

Q29. Data sharing and access principles

- ✧ We note the following concerns in regard to information sharing
 - ✓ Data will also be provided to international institutions other than supervisory authorities.
 - ✓ I-I data will include top counterparties' customer transaction information.
 - ✓ The risk of information leaks by authorities in other countries.
 - ✓ The risk of use for purposes other than the intended purpose of use.

We seek the cross-border information management system should be thoroughly establishment based upon the above points.

○ Disclosure and publication of additional data

Q30. Public disclosure

- ✧ At this time, it is unclear whether it is possible to offer I-A data in complete form. It is premature to determine if disclosure would be appropriate or not.
- ✧ Even assuming that disclosure is mandatory, simplified disclosure once a year on a non-consolidated basis, rather than complete disclosure of all items every quarter, should be permitted.

○ Storage and management of the new dataset

Q31. Additional comments

- ✧ The flexibility and resilience of financial institution system structures differ among countries, and some discretion in accordance with the conditions in individual countries should be allowed.
- ✧ We would like a framework that reflects the usage of collected data in financial institution operations as well as results analysis and feedback of detailed information to reporting financial institutions.

- ◇ We estimate that initial costs for IT system development could very well amount to several billions to several tens of billions of JPY (equivalent to tens to hundreds of millions of USD) per individual bank. Additional costs of hundreds of millions to several billions of JPY (equivalent to millions to tens of millions of USD) could also be assumed for every year for ongoing maintenance. The above assumptions also depend on the scope of the financial institutions covered, but for all Japanese banks, substantial costs of around several hundred billion JPY (equivalent to several billion USD) in initial costs and several tens of billions of JPY (equivalent to hundreds of millions of USD) annually for maintenance would be anticipated.
- ◇ Also, if the scope of data collection expands to subsidiaries, including overseas branches and local affiliates, even bigger costs would arise in terms of IT system and human resources. However, realistic estimates are impossible. It should be kept in mind that the estimates above (eg, several tens of billions of JPY for all Japanese banks) are rough figures, since the level of data collection, assumption terms, and data definitions are uncertain.
- ◇ There are a number of large-scale IT system development issues related to regulatory system changes and strengthening regulations such as Basel III, IFRS, and CCP (central counterparties) require. We ask continued consideration that IT system investment and manpower are already squeezed and the burden is large. In particular, we recognize that responding to Basel III, which begins in 2013, should be assigned utmost priority due to international agreement. From 2012-2014, it is absolutely critical that workloads for this data gap project should not affect efforts for implementing Basel III because of concerns regarding duplication of human, financial, and time resources.
- ◇ Even though current BIS reports do not cover details like sector, instruments, and currencies, these reports take four weeks to produce. Even if new IT systems are created for major overseas bases or if data facilities improve, some work that cannot be handled by the system will certainly remain. We would like to re-emphasize that it would be difficult to complete the reports within the scopes and timeframes required. Further, even assuming that data can be acquired, we expect considerable costs to arise and time to be needed to develop IT systems to compile data and produce reports.