

Mr. Svein Andresen
Financial Stability Board
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland

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Reference BR1511

Regarding: NVB Reaction to consultation common data template G- Sifi's

Dear Mr Andresen,

The Dutch Banking Association welcomes the opportunity to comment on the FSB consultation "Understanding financial linkages: A common data template for global systemically important banks".

Information plays a key role in detecting the built-up of risks at an early stage. This will contribute to the prevention of future crises. We therefore support the efforts of the FSB to come to a global and standardized reporting framework. This framework needs to be stable and flexible enough for banks to be able to incorporate this into their systems. In this regard, it is positive that the requested reporting items are deemed to be sufficient to detect systemic risk of individual banks.

We support the comments made by the IBFed and would like to emphasize some concerns regarding the template. Our main concern is that implementing the suggestions stemming from the consultative document will lead to inefficiencies. Inefficiencies regarding lack of clear definitions, scope, and especially to the request of "ad hoc" and "passive" data.

Need to have vs nice to have

When asking for more data, the regulation bodies should state the business case. The central idea should be that new requirements (or rules in general) should be "need to have" and not "nice to have". They should serve a specific ex ante stated purpose.

Essential element in asking for data is looking towards what already is available. Banks already provide different supervisory stakeholders with a lot of information and data. It only needs to be filtered in the correct way. One should first look at other existing reporting streams and state whether these can be used or not and whether old reporting streams consequently can be abolished. For example, in Europe Corep and Finrep reporting streams provide the supervisors with lots of information and data.

It would furthermore be preferable to align, as much as possible, reporting set-up and definitions like product types, sector types and customer types with current Basel asset reporting and proposed Basel 3's liquidity metrics LCR and NSFR.

Initiatives which combine different reporting streams and which try to align definitions should be supported and set up. A good example in Europe is the JEGR initiative. This tries to streamline supervisory reporting with statistical reporting by streamlining definitions.

Flexibility

We furthermore agree with the IBfed that as the data holding status is also assumed to differ by financial institution and in some cases also by entity in a group, even if data definitions would be detailed, flexible approaches would nevertheless still be warranted to take into consideration individual circumstances when it comes to data management. Furthermore, more focus needs to be given to the principle of materiality — “as a screen or filter to determine whether information is sufficiently significant” (sic the IFRS Framework).

Passive and ad hoc data

“Predefined data “on-request” and “ad-hoc” requests to meet increased information needs to assess emerging systemic risk”. To be able to deliver data on request and ad-hoc, banks will need to make major adjustments in their IT systems. They will have to keep these systems “live” for just in case such a request is given. For the largest part, these systems will do nothing. The added value therefore is very small. We understand that there might be a need for certain data in case of an emergency. In our view, there is no need to maintain huge IT-systems for these events. We believe that they can be dealt with when needed.

Reporting frequency

Quarterly reporting frequency is deemed optimal in our view. Higher frequency has limited use: banks do not become significantly less or more systemic within one quarter. Weekly frequency would lead to unnecessary higher costs. Therefore, the frequency should be matched with current practice, i.e. quarterly.

It would also not be possible for banks to work with a three day lag. Data collection takes a substantial amount of time to go through the process of consolidation even after data is gathered in practice. Foregoing such data integrity checks would undermine the objective of good quality data. We believe that the optimal lag would be three to four weeks. The G-Sifi reporting can then be included in regular quarter end processes.

Scope

It should be made clear for the start what the exact scope will be of the requested data. Banks should be able to trust that there will be no gold plating by national supervisors. This is the only way to compare the data between G-Sifi’s around the world in a proper way.

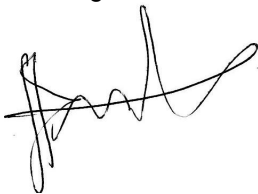
We are furthermore also very cautious to extend the scope of banks covered by the template on national level. The template should not be imposed on “domestic” Sifi’s unchanged. If the template is used on a national basis, it should be adjusted according to the size and nature of the domestic Sifi’s.

Confidentiality of the data

The FSB proposal calls for firm-level data that will be stored at a “central hub hosted by the BIS.” This obviously poses some concerns to individual firms as data security arrangements have not been sufficiently outlined. This needs to be outlined sufficiently in order for banks to send their data.

Thank you for the opportunity to respond,

Kind regards,



Koen Holdtgreffe, Advisor Prudential Regulation