

June 23, 2010

**Comment on the Basel Committee's Consultative Documents: "Good Practice Principles on Supervisory Colleges"**

Japanese Bankers Association

We, the Japanese Bankers Association, would like to express our gratitude for this opportunity to comment on the Consultative Documents: "Good Practice Principles on Supervisory Colleges" released on March 30, 2010 by the Basel Committee on Banking Supervision.

We hope that our comments below will assist in the remaining work towards finalizing the principles by the Basel Committee.

**I . General Points**

We broadly support the movement of improving effectiveness of the supervisory regime by strengthening cooperation between supervisors and enhancing information exchange through supervisory colleges.

Based on the work of the Basel Committee, we understand that efficient management is indispensable for supervisory colleges to function effectively and continuously as a valid and meaningful supervisory tool. We sincerely hope that the following points be taken into account in further discussions.

**II . Specific Points**

*Principle 2: College Structures (Implementation guidance) /Principle 6: Interaction with the Institution (Implementation guidance (i) Information to be communicated to the banking group)*

From the perspective of enabling efficient operations on the side of both supervisors and banking groups and enabling effective operations of supervisory colleges during implementation of these colleges, when college structures are taken into consideration, the contact with the banking group should be handled solely by a secretariat organized by a home supervisor.

Furthermore, under the same perspective, the following points should be considered: (1) each host supervisor makes requests through the home supervisor when inquiring for or requesting information from a banking group, and (2) each host supervisor shares information with college members as needed.

*Principle 3: Information Sharing /Principle 5: Collaborative Work*

Concerning information sharing on a banking group among supervisors (and through collaborative work among supervisory colleges), we believe that information exchange or the sharing of expert knowledge will contribute to improving supervisory approaches.

However, we are concerned about the case where proprietary information, including stress test results, is leaked to outside parties and potentially has a negative effect on financial markets. For this reason, sufficient precautions should be taken in the management of information in line with the principles in the consultative document by clarifying confidentiality obligations or responsibilities, etc. through Memoranda of Understanding (MoUs), etc. as needed.

*Principle 6: Interaction with the Institution (Implementation guidance (i) Information to be communicated to the banking group)*

The document states that “for specific issues, the college may agree on other methods of communication.” We would like to confirm what other methods of communication are being considered by showing some examples.