

September 30, 2013

Comments on the Financial Stability Board's Consultative Document:
Principles for an Effective Risk Appetite Framework

Japanese Bankers Association

We, the Japanese Bankers Association, would like to express our gratitude for this opportunity to comment on the consultative document: Principles for an Effective Risk Appetite Framework on July 17, 2013 by the Financial Stability Board (FSB).

We hope that our comments below will be of assistance and offer an additional point of reference as you work towards finalising the framework.

Steps to be taken to achieve compliance with the Principles for An Effective Risk Appetite Framework

Since the organizational structure and historical backgrounds vary across individual banks, assumptions underlying the Principles for An Effective Risk Appetite Framework (the "Principles") may not necessarily conform to all banks.

In this regard, in order for financial institutions to implement the Principles, it is respectfully requested that the FSB be thoughtful of facilitating close communication between national supervisors and financial institutions so that an effective risk appetite framework (RAF) which is aligned with respective business characteristics and risk factors are established, rather than setting or requesting a uniform implementation timeline and actions.

For example, sufficient communication and coordination between banks and their home supervisors are required for the following areas:

- The scope of implementing the RAF within the group
(Reference: III. Principles 1. Risk appetite framework and others)
- Linkage to compliance with BCBS *Principles for Effective Risk Data Aggregation and Risk Reporting* and to the management information systems development
(Reference: III. Principles 1. Risk appetite framework and others)
- Roles and responsibility of management, and the level of involvement by internal audit
(Reference: III. Principles 4. Roles and responsibilities)