

March 6, 2015

Comments on the Basel Committee on Banking Supervision's Consultative Document
"Net Stable Funding Ratio Disclosure Standards"

Japanese Bankers Association

We, the Japanese Bankers Association (JBA), would like to express our gratitude for this opportunity to comment on *Net Stable Funding Ratio Disclosure Standards* issued by the Basel Committee on Banking Supervision (the "BCBS") on December 12, 2014.

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

[General Comment]

We broadly support proposed disclosure standards for net stable funding ratio (NSFR) under this consultative document because these proposed standards achieve an appropriate balance between costs and benefits.

However, expanding disclosure items than those currently proposed in this consultative document may lead to an excessive information disclosure regarding liquidity of financial institutions, thereby causing adverse effects on markets, in particular during the period of liquidity stress. Additionally, given that the liquidity requirements are new measures for investors as well, an attention should be paid to a concern that excessive responses by investors may amplify such adverse effects.

The following Specific Comments section provides our comments on individual issues associated with the disclosure template.

[Specific Comments]

1. Treatment of "Total high-quality liquid assets (HQLA)" (Page3, Row 15 of the disclosure template)

Under the Liquidity Coverage Ratio ("LCR") disclosure standards issued on January 12, 2014, "Total high-quality liquid assets (HQLA)" (Total unweighted value) is not required to be disclosed, while this consultative document requires the disclosure of "Total high-quality liquid assets (HQLA)" (Unweighted value). To ensure consistency with the LCR disclosure standards, "Total high-quality liquid assets (HQLA)" (Unweighted value) should be excluded from the NSFR required disclosure items.

2. "With a risk weight of less than or equal to 35% under the Basel II Standardised Approach

for credit risk” (Page 4, Rows 21 and 23 of disclosure template)

Banks are required to comply with NSFR disclosure requirements from the date of the first reporting period after January 1, 2018. On the other hand, the consultative document *Revisions to the Standardised Approach for credit risk* issued on December 22, 2014 reviews the standardised approach for credit risk, which does not specify the implementation date. Given that the review and implementation timing is unclear, including “With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk” in the required disclosure items would mean that this item is required to be disclosed even when the treatment of standardised approach is not yet clarified. This would also give rise to a concern that investors might not understand the calculation methodology and how it is treated. Consequently, it is requested to delete this item from required disclosure items, or reconsider whether to require disclosure of this item once the review of standardised approach for credit risk is finalised.