

Comments on the Financial Stability Board (FSB) paper on “Principles on Bail-in Execution”

Submitted by: Standard Bank Group (SBG)

	Extract from “Principles on Bail-in Execution”	Standard Bank Group (SBG) Comments
1	<p>Principle 1: Ex ante transparency of the scope of bail-in The jurisdiction’s resolution regime should clearly define the scope of instruments and liabilities to which bail-in powers could be applied.</p> <p>Principle 2: Discretionary exclusions of liabilities from the bail-in scope Discretionary exclusions from the scope of bail-in and departures from pari passu treatment of similarly situated creditors should be non-discriminatory and applied only where they are necessary to meet the resolution objectives consistent with the Key Attributes, contain the potential systemic impact of a firm’s failure or to maximise the value for the benefit of all creditors as a whole.</p>	<p>The FSB should consider publishing as official listing of bail-in inclusion and exclusion per jurisdiction. This will avoid any inconsistency in interpretation of jurisdictional law by other banks, rating agencies, etc. and will add to the principle of ex-ante transparency of the scope of bail-in.</p>
2	<p>Principle 7: Valuation methodology and assumptions The valuation methodology and underlying base assumptions should be consistent with the authorities’ resolution strategy for the firm and, to the extent possible, also be consistent across home and host jurisdictions as well as among different resolution cases. Valuations should be based on realistic and credible assumptions, which consider relevant market conditions and the expected actions of stakeholders.</p>	<p>The FSB should consider publishing an international standard on valuation methodologies, including parameters and assumptions (eg. discount rates) for the various stages of resolution to ensure consistence across jurisdictions, especially for multi-jurisdictional banking groups.</p>