

Financial Stability Board
Bank for International Settlements
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Dear Sirs,

Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions Not Represented on CMGs where a G-SIFI has a Systemic Presence

This is the British Bankers' Association's response to the above consultation; we welcome the opportunity to review the proposals.

As is noted in the recent progress report on the implementation of the Key Attributes, effective resolution planning and the conduct of an orderly resolution requires efficient processes for sharing relevant information, both within cross-border Crisis Management Groups (CMGs) and with authorities in host jurisdictions not represented on CMGs where operations of a G-SIFI are locally systemic. We therefore welcome the FSB's focus on this important topic and hope that the guidance will support appropriate levels of cooperation and coordination between home authorities and host authorities which are not members of a G-SIFI's CMG.

In terms of the detail of the proposed guidelines, we welcome the reiteration of the prerequisites for the sharing of information and the recognition that non-CMG hosts should have in place appropriate confidentiality protections before information can be disclosed. Furthermore, we welcome the statement in 5.1 that non-CMG hosts should only be permitted to obtain necessary information.

1. Is the process for identifying non-CMG host jurisdictions where a firm has a systemic presence and the respective roles of home and host jurisdictions in that process clear and appropriate?

Yes, the guidance is clear but we are not in favour of the portion of the proposal on how disagreements between home and host authorities should be settled. Specifically, the presumption in favour of the host authorities' assessment is likely to lead to many non-CMG hosts concluding the G-SIFI's operation in its market is significant and to a plethora of non-CMG hosts seeking information from firms. In the event of such disputes, the view of the firm (and possibly its CMG members) should also be taken into account and favoured over that of the non-CMG host. Furthermore, there should be a role for the firm to review and validate the analysis performed by the home and host authorities.

2. Are the suggested criteria for assessing the systemic presence of G-SIFI in a non-CMG host jurisdiction appropriate? What additional considerations, if any, should be taken into account?

The criteria look broadly appropriate and consistent with existing guidance. However, we question the need for 'other criteria', especially in relation to branches, and would welcome an indication of

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what this metric is intended to capture and note the risk that it will result in inconsistency across jurisdictions. Furthermore, we observe that the proposed framework for total loss absorbing capacity seeks to set a quantitative framework for the identification of material subsidiaries and note that this approach could have relevance in the context of the assessment of local systemic presence.

3. Are there additional possible forms of arrangement with non-CMG host jurisdictions that should be described in the draft Guidance note?

Although others are better positioned to answer this question, we recommend that bilateral agreements be the preferred form of arrangement.

4. Will the classes of information described in the draft Guidance note enable non-CMG host authorities to assess the potential systemic impact of resolution measures on the local operations of a G-SIFI? What additional types of information, if any, might non-CMG host jurisdictions require for the purpose?

As noted above, information should only be shared once appropriate confidentiality arrangements are in place and only to the extent necessary for the non-CMG host to perform the objective set in 5.1. The proposal should note that confidential supervisory and examination information may not be given by a firm to non-CMG host authorities so, until such information sharing and confidentiality protections are in place, non-CMG host authorities may not have access to certain information even directly from the firm.

Furthermore, information about recovery plans should not be automatically accessible to non-CMG host countries. Firm-wide recovery plans may be of no relevance to a non-CMG jurisdiction and, therefore, access should not be freely afforded to non-CMG regulatory authorities. The home country authority and firm should, however, be willing to provide comfort that a firm-wide recovery plan would not harm a non-CMG host country. Moreover, the Guidance should go further and indicate that non-CMG host countries should not demand production of country-specific recovery plans (in particular), as well as resolution plans. Consequently, 5.8(c) should be revised to state that recovery and resolution plans should not be required to be developed at a local level.

5. Are there any additional elements that should be covered or elaborated in more detail in the draft Guidance note?

A statement should be added regarding when and how a firm would be notified that such information sharing is occurring.

Yours faithfully,



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