



12 June 2014

Mr. Andrea Enria
Chair of the Joint Committee & European
Banking Authority
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Dear Mr Enria,

JC/CP/2014/02 – Guidelines on the convergence of supervisory practices relating to the consistency of supervisory coordination arrangements for financial conglomerates

Deutsche Bank welcomes the opportunity to respond to this consultation on financial conglomerate supervisory practices.

While these guidelines will predominately impact competent authorities, Deutsche Bank is supportive of the aims of the supervisory objectives outlined in this consultation and is providing input into how to make the process successful.

There are three key recommendations to highlight:

- Financial conglomerates should be involved in information exchanges to ensure that the information is relevant and recent;
- Information requests should be made initially through the lead coordinator to reduce duplicative burden on the financial conglomerate;
- The lead coordinator should communicate to the financial conglomerate the supplementary supervisory plan for the year ahead to allow the appropriate planning of resources.

Please let us know if we can provide further information.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Daniel Trinder'.

Daniel Trinder
Global Head of Regulatory Policy
Deutsche Bank



Specific comments

1. Do you agree with the suggested scope of the guidelines with respect to the mandate given under Article 11 of the Directive 2002/87/EC (FICOD)?

Yes the scope of the guidelines are appropriate given the tasks laid out in Article 11.

2. Should the mapping process identify any other kind of undertakings and participations held by the parent undertaking or any of the subsidiaries of a financial conglomerate, apart from those described in paragraph 16?

The current scope of the mapping process is proportionate capturing the main entities that will create risk within a financial conglomerate.

Where a legal entity mapping process has not been undertaken previously, this activity can be time consuming. The mapping process should be completed prior to the meeting on supplementary supervision of the financial conglomerates or the relevant sectoral college. This will ensure that the coordinator and the other competent authorities are not distracted from the main task of assessing the risks arising from a financial conglomerate structure.

3. Do you consider appropriate the minimum number of meetings described in paragraphs 49 and 50?

We agree that at least one physical meeting per annum is sufficient to ensure supervisors effectively assess the risks from a financial conglomerate without causing unnecessary burden to the firm.

To make the meeting effective we suggest that a standardised agenda be prepared at least six weeks in advance of the meeting to provide sufficient time to prepare the necessary information.

Furthermore, we support the intention of the BCBS under their good practise principles for colleges that colleges should enhance information exchange and cooperation on an ongoing basis. Such ongoing dialogue on group risks is more likely to deliver on the objectives of the college than the periodic 'set piece' meetings. As such we support a proportionate approach to regular and standardised information flows that will complement physical meetings.

4. Do you agree with the analysis of the impact of the proposals in this CP? If not, can you provide any evidence or data that would further information the analysis of the likely cost and benefit impacts of the proposals?

In general, we expect that for a financial conglomerate the costs for responding to information requests and interacting with the regulator will already be borne and hence these requirements are unlikely to lead to a change in costs. We make some further suggestions below that will limit any increase in cost.



General comments

Title III - Coordination of information exchange in going concern and emergency situations

Scope and Frequency (Paragraphs 23 to 26)

We support the flexibility outlined in the exchange of information between the coordinator and the competent authorities. This reflects the differing nature and scale of risks in financial conglomerates. Despite these differences, as detailed in paragraph 25, it should be possible to agree a format and template to exchange the necessary information, especially around risk concentration and intra-group transactions.

We would recommend that the joint committee considers the development of a standardised and minimum template for data requests. This could be developed to provide flexibility to account for the differing nature of financial conglomerates, but still ensure clarity around the data required allowing processes to be developed by the financial conglomerate to provide this information promptly and accurately.

There are two points that are relevant here:

- The financial conglomerate should be made promptly aware of the information being exchanged between the coordinator and other competent authorities, unless there is a requirement for confidentiality. This will allow the financial conglomerate to assist in ensuring that such information is recent and relevant.
- Sharing and requests for information may be more meaningful if there is consistency in their format and compilation, which will support consistent and meaningful analysis and interpretation.

Collecting Information (paragraph 27)

While in general we think that the increase in cost for the financial conglomerate from these guidelines is unlikely to be significant, the main costs will result from requests for information made by the coordinator and competent authorities. As a result, every effort should be made to reduce duplicative information.

Our experience of information requests from regulators across the globe has been that a single department within the group is often responsible for responding. As a result, multiple requests seeking similar information can cause significant duplicative burden and every effort by the coordinator and competent authorities to streamline and focus their information requests will reduce unnecessary cost to the firm and ensure accurate and timely information.

As a result we suggest the following sentence be inserted into paragraph 27:

“When requesting information for supplementary supervision from an entity not under the supervision of the coordinator, the coordinator should confirm with the parent entity or lead entity whether this information can be provided centrally to reduce duplicative burden upon the financial conglomerate”



Communication with the financial conglomerate (paragraph 29)

The proactive involvement and engagement of the financial conglomerate in the supplementary supervision process will be both valuable to the relevant college but also to the financial conglomerate themselves. The financial conglomerate can ensure that data shared within the group is recent, and the early involvement in requests for information can ensure that such data requests are relevant. As mentioned in the response to question 4, forward clarity and transparency on the activities of supplementary supervision allow the financial conglomerate to plan resources appropriately and ensure the objectives of the supplementary supervision are fully met.

We would recommend that text be included in the final guidelines detailing the requirements to interact with the financial conglomerate on both the relevant meeting(s) for supplementary supervision but also for regular information requests. At a minimum this should include the planned requests for information, preparatory meetings, and the dates of any meetings to discuss supplementary supervision. This should be done with sufficient time to allow the financial conglomerate to understand any new information request that are proposed and provide constructive feedback on how best to achieve the outcomes of the request.

Furthermore, it would be good practise to provide the financial conglomerate with relevant output from meetings on supplementary supervision, coordinating this with the output of the relevant sectoral colleges.

We suggest the inclusion of appropriate text under Title II, Cooperation Structure, to address this point:

“On an annual basis the coordinator will communicate to the financial conglomerate the supplementary supervisory plan for the year ahead; where material changes to the plan arise during the year this should be communicated as soon as possible.

At a minimum this should include the time of the relevant meeting on supplementary supervision and the timing of regular requests for information.

Communication to the financial conglomerate on the outcomes from supplementary supervision assessment should be within 90 days of the relevant meeting on supplementary supervision, covering the key risks identified and any proposed actions for the group”