

JOINT POSITION PAPER

Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel
Switzerland

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Concurrence of consultations

The ongoing revision of the risk-weighted capital framework for credit risk is of great importance for Nordic banks. Depending on the outcome of the revision, the combined effects of the different initiatives might significantly change the capital situation for many Nordic banks. Against this background, the banking associations in Denmark, Finland, Norway, and Sweden ask for an extension of the consultation period for the second consultation of the Standardised Approach for credit risk in order that this proposal can be assessed in conjunction with the expected consultation in the coming months on a revision of the IRB Approach.

In December 2014, the BCBS proposed revisions to the Standardised Approach for credit risk and an amended capital floor framework for the IRB Approach. The revised capital floor was intended to be based on finalised versions of the standardised approaches, and it would replace the existing transitional Basel I floor. In December 2015, the BCBS published a second consultative document on revisions to the Standardised Approach for credit risk, while a corresponding consultation on the revised capital floor framework is absent.

A consultative document on revisions to the IRB Approach is expected to be published in 2016, presumably approximate to the deadline of the consultation on the Standardised Approach for credit risk. The delineation of the use of the IRB Approach is thus unclear at the time we are asked to assess revisions to the Standardised Approach.

This piecemeal approach to the revision taken by the committee makes the assessment of each part of the system very challenging. The fact that there is no clear consensus today what elements the system should consist of going forward adds to this challenge.

Without an informed understanding of the possible implications that the Standardised Approach may have for large and diverse banks that today use the IRB Approach, an assessment of the appropriate balance between comparability, risk sensitivity and

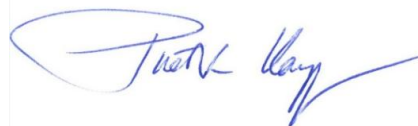
simplicity of the revised Standardised Approach is not possible. In order to ensure an informed consultation on the future regulatory framework, the Nordic banking associations calls for concurrent consultations for revisions to the Standardised Approach for credit risk, the IRB Approach and the capital floor.

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