



Committee of European
Banking Supervisors

Press releases

Report 

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18 December 2007

CEBS PUBLISHES A REPORT ON THE REGULATORY IMPLEMENTATION OF PILLAR 3

CEBS has published today the findings of a survey it has carried out with regard to regulatory implementation of disclosures by credit institutions as set out in chapter 5 of Directive 2006/48/CE which transposes the Basel Pillar 3 requirements into EU legislation.

The rationale underlying Pillar 3 is that adequate disclosure should allow market participants to assess an entity's capital adequacy. To this end institutions need to disclose information on the scope of application, capital, risk exposures and risk assessment processes at the highest level of consolidation.

While the disclosure should in principle be market-driven, there is a role for supervisors in ensuring that adequate disclosure is provided where institutions have more discretion in assessing capital requirements through the use of internal methodologies. In addition it is agreed that supervisors should facilitate the creation of an adequate environment for the proper functioning of market discipline.

CEBS's survey provides an overview of the situation in the EU. The findings and the discussions within CEBS and with the industry reveal that the implementation of the Pillar 3 provisions does not give rise to major concerns. This is mainly related to the fact that supervisory authorities are largely refraining from taking prescriptive approaches.

A limited number of areas have been identified that merit further attention. The follow up work that CEBS proposes to carry out relates in particular to the application of the disclosure requirements to (significant) subsidiaries and to devising a possible solution where limited disclosure is being provided with a subsidiary's (individual) financial statements.

Connected to this discussion is the relationship between Pillar 3 and accounting disclosures where CEBS will await the outcome of efforts undertaken by the industry before deciding on the need for any measures in this area.

The findings of the note have been discussed with industry representatives during a workshop on Pillar 3 issues held on 7 December 2007. It appeared that industry participants largely shared CEBS's findings and conclusions, and welcomed the proposed way forward.

Press contact:

Ms. Andrea Deak

Tel: +44 20 7382 1780

andrea.deak@c-eps.org

www.c-eps.org

The Committee of European Banking Supervisors (CEBS) is comprised of high level representatives from the banking supervisory authorities and central banks of the European Union. CEBS's main tasks are to advise the Commission in the field of banking activities, to contribute to the consistent implementation of Community Directives and to the convergence of supervisory practices and to enhance supervisory co-operation. The

*Committee is chaired by Mrs Danièle Nouy. The CEBS Secretariat is based in London.
The Secretary General of the Committee is Mr Andrea Enria.*