

CEBS Committee of European Banking Supervisors

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CP44

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CONSULTATION PAPER ON THE GUIDEBOOK ON INTERNAL GOVERNANCE

The Committee of European Banking Supervisors (CEBS) has published today its draft consultation paper on the Guidebook on Internal Governance (CP 44) aiming at enhancing and consolidating supervisory expectations in order to improve the sound implementation of internal governance arrangements. The consultation is open to all interested parties, including supervised institutions and other market participants.

A survey on the implementation by supervisory authorities and institutions of CEBS' Internal Governance Guidelines, carried out in late 2009, revealed a number of weaknesses in terms of oversight of the supervisory function, risk management and internal control frameworks. Institutions' complexity and the riskiness of the products and services offered were often not appropriately counterbalanced by internal governance arrangements. CEBS has already addressed some of the most significant issues through its High Level Principles on Risk Management (published in February 2010) and its High Level Principles on Remuneration (published in April 2009).

Nevertheless, taking into account its 2009 survey results and the recent work done by other European and international bodies on corporate governance, especially the Basel Committee, CEBS decided to consolidate and update all its guidelines on internal governance in the present Guidebook whose principles are directly aimed at a sound implementation of internal governance. Beside other enhancements, principles have been added on the transparency of the corporate structure (know-your-structure principle); the role, tasks and responsibilities of the supervisory function; on IT-systems and on business continuity management.

CEBS submits its initial views for a public consultation which starts today and runs until 14 January 2011. Comments received will be published on CEBS's website unless respondents request otherwise. Please send your comments to the following email address: cp44@c-eps.org.

A public hearing will be held on 15 December 2010 at CEBS's premises in London, from 10:00 to 13:00 to allow interested parties to share their views with CEBS.

CEBS expects its members to implement the Guidebook on

Internal Governance and to incorporate it within their supervisory procedures by 30 September 2011. After that date, members should ensure that institutions comply with it effectively.