

CEBS Consultation paper 30

Disclosure guidelines : Lessons learnt from the financial crisis

Euroclear response

The Euroclear group is the world's leading provider of domestic and cross-border settlement and related services for bond, equity, fund and derivative transactions. User owned and user governed, the Euroclear group includes the International Central Securities Depository (ICSD) Euroclear Bank, based in Brussels, as well as the national Central Securities Depositories (CSDs) Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & Ireland.

We are pleased to be given the opportunity to provide our view on the consultation issued by the Committee of European Banking Supervisors regarding *Disclosure guidelines: Lessons learnt from the financial crisis*.

- We agree with CEBS that existing disclosures should not be duplicated. However, in order to avoid duplication of requirements, it may be useful to be more precise about how the CEBS guidelines relate to other requirements. In particular, the distinction between the type of information needed on a regular basis and that which is only required in case of stress should be clarified. We would welcome guidance clarifying which information needs to be disclosed in which conditions, as many principles seem to be valid both for regular disclosures and ad hoc disclosures.
- CEBS may consider clarifying what is considered to be a situation of "stress".
- CEBS acknowledges the risk that publishing information on institutions' vulnerabilities could expose them to increased difficulties. We believe that institutions should be allowed to assess under which conditions transparency is warranted. Disclosing temporary strains could affect an institution's reputation in such a way that it might be cut off from certain markets, which may prevent it from operating on a going concern basis. This assessment should, obviously, take into account regulatory requirements regarding the proper information to shareholders and other stakeholders.
- The quantity (and granularity) of information disclosed should depend on the targeted audience. The paper seems to refer to public disclosures only. However, disclosure to the general public is not, in all cases, most appropriate. The addressee(s) of disclosures should depend on the particular structure of ownership of the institution concerned, as well as on its role in the market. Institutions with no publicly traded shares and offering no deposit accounts to the general public – as is the case for Euroclear Bank – should be allowed to target their reporting to the appropriate stakeholders (which would generally be represented in the Board of Directors).
- Principle 1 asks institutions to "fully describe their financial situation". We believe that specifically in the face of uncertainty (when unrealised losses cannot be precisely assessed) the financial situation of an institution may be difficult to assess precisely. Disclosures should therefore reflect available information, i.e. institutions should describe their situation to the best of



their knowledge. Obviously, we agree that disclosures should be clear about assumptions taken and degrees of uncertainty related to different scenarios.

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