



European Banking Industry Committee

European Banking Federation (EBF) • European Savings Banks Group (ESBG) • European Association of Cooperative Banks (EACB) European Mortgage Federation (EMF) • European Federation of Building Societies (EFBS)
European Federation of Finance House Associations (Eurofinas)/European Federation of Leasing Company Associations (Leaseurope)
European Association of Public Banks (EAPB)

Mrs. Danièle Nouy
Chair
Committee of European Banking Supervisors
Floor 18, Tower 42
25 Old Broad Street
London EC2N 1HQ

Brussels, 13 July 06

CP02rev@c-eps.org

CEBS' Consultation Paper on Outsourcing Standards (CP02 Revised)

Dear Mrs. Nouy,

The European Banking Industry Committee (EBIC) welcomes the opportunity to comment on CEBS' proposed standards on outsourcing (CP02 revised). We would like to underline the common stance of the European Banking industry on some core aspects of this paper.

As a general principle, we would like to point out that outsourcing has in most cases a risk mitigation effect. Whilst we support CEBS' efforts to protect the financial stability in the EU, we would encourage the Committee to recognise these benefits as well.

At the same time, we would ask CEBS to apply its standards only where they add prudential value. In particular, it should be considered that financial institutions already have strong procedures in place to ensure efficient risk management for the group as a whole. We, therefore, firmly believe that outsourcing within banking groups should be exempted from any additional regulatory requirements. The same should apply when services are outsourced to common undertakings which are established by several banks or group networks and which are bound by the instructions received from their parent companies or network bodies.

Furthermore, EBIC acknowledges CEBS' efforts to ensure its standards are in line with the Markets in Financial Instruments Directive (MiFID), but we are not convinced that this is sufficiently delivered through the present paper. Instead, we suggest that CEBS and CESR agree in a common approach on principles-based guidelines that apply equally to financial institutions and investment firms. CEBS' specific provisions should

then be built on this background. However, this common exercise would benefit from more precise definitions, especially as regards “outsourcing” itself.

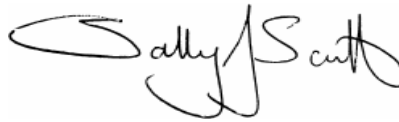
For examples and additional remarks please note that several EBIC federations have submitted their individual, more detailed response papers to CEBS.

Please don't hesitate to contact me for any questions you may have.

Yours sincerely,



Nicolas Merindol
EBIC Chairman



Sally Scutt
Chair of EBIC WG on Banking
Supervisory Practices