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Mr. Brent J. Fields  
Secretary, Securities and Exchange Commission  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC  
20549-1090

[rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Dear Mr. Fields,

**Re: File Number S7-02-17 – Request for comment on possible changes to Industry Guide 3 (Statistical Disclosure by Bank Holding Companies)**

The Canadian Bankers Association (CBA)<sup>1</sup> would like to thank the U.S. Securities and Exchange Commission (SEC) for the opportunity to comment on the possible changes to Industry Guide 3 (Statistical Disclosure by Bank Holding Companies).

We welcome engagement with the SEC in updating disclosure guidance to ensure that these requirements are reviewed on a periodic basis to determine that they are still relevant to investors. This exercise is more important in today's environment given that the financial services industry has changed dramatically over the last decade and regulations are continually evolving. The last substantive update to Industry Guide 3 was completed more than 30 years ago and therefore modernization of Industry Guide 3 is long overdue. We recognize that the purpose of these disclosure requirements is to ensure that investors receive the information they need to make informed investment and voting decisions. In order to stay ahead of this changing environment, we strongly recommend that the SEC review the disclosure requirements in Industry Guide 3 on a more frequent basis (for example, every 5 years), to ensure these disclosures continue to remain current and relevant to investors.

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<sup>1</sup> The Canadian Bankers Association works on behalf of 63 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 280,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The Association also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness. [www.cba.ca](http://www.cba.ca).

Overall, we believe that current disclosures as provided under Industry Guide 3 are useful to investors as the information allows stakeholders to assess uncertainties and evaluate the potential impact of future economic events on the business.

The following are comments and suggestions that we would like the SEC to consider as it contemplates possible changes to Industry Guide 3:

## **1. Proliferation and duplication of disclosure requirements**

Disclosure requirements under U.S. GAAP and IFRS have increased significantly since the last revision of Industry Guide 3 in 1986. In addition, we are required to provide a number of new disclosures under other governing authorities, such as Basel III regulations and the Enhanced Disclosure Task Force (EDTF) requirements. Many of the disclosures described in the Industry Guide 3 are duplicative of these disclosure requirements or may meet the same objectives. For example, under the Basel III Pillar 3 disclosure requirements, we must provide data relating to credit risk exposures on a gross, net, and average basis. In addition, under EDTF and Basel Pillar III disclosure requirements, we must provide aggregate credit risk exposures that facilitate users' understanding of a bank's credit risk profile, which are similar to requirements for loan portfolios under Industry Guide 3.

Compliance with these complex regulatory and reporting regimes is costly and time consuming and as a result, we encourage the SEC to review the Industry Guide 3 and update its disclosure requirements to eliminate any duplication to ensure that reporting requirements are streamlined. Such actions would also align with disclosure effectiveness initiatives currently undertaken by the SEC to make disclosures more meaningful for investors.

We believe that the objective of the investor to “receive the information they need to make informed investment and voting decisions” has been met mainly through disclosure requirements provided under IFRS, as well as other regulatory reporting requirements. In light of this, we encourage the SEC to not include or add any new disclosure requirements to Industry Guide 3. Though information is provided on a best efforts basis (largely given the differences between IFRS and U.S. GAAP discussed below), we do not feel it is necessary to incorporate the Industry Guide 3 disclosures into other Commission rules (e.g. Regulation S-K and Regulation S-X), as similar objectives and disclosures are provided under other reporting frameworks.

## **2. U.S. GAAP vs. IFRS requirements**

Disclosure requirements contained in Industry Guide 3 are largely influenced by U.S. banking regulations and are mainly based on U.S. GAAP categories and classifications. However, many foreign registrants that are banking organizations file their financial statements under IFRS without reconciliation to U.S. GAAP. As such, some of the Industry Guide 3 disclosure requirements do not address these differences given that certain concepts, such as “nonaccrual loans” and “troubled debt restructures”, are not as explicit under IFRS. We encourage the SEC to recognize that the differences in the accounting principles may hinder the comparability of data between banking organizations. Furthermore, we recommend that

Industry Guide 3 provide more flexibility in accommodating these differences versus a prescribed format.

To provide these disclosures on a U.S. GAAP basis would cause undue burden and expense for foreign private issuers.

### **3. Requirement for five years of data**

Currently, Industry Guide 3 requires 5 years of loan portfolio and summary loan loss experience data (e.g. current year and 4 years of comparative data) while only 3 years (e.g. current year and 2 years of comparative data) for other disclosures. We believe that the five year requirement should be scaled back to be consistent with other disclosures, which would align to the number of periods an investor would need to analyze and comprehend changes in trends. Reducing the number of periods to 3 years would also generally align with the number of comparative years provided in our financial statements.

Furthermore, given that under IFRS, transition standards generally require the restatement of up to 2 years of comparative data, comparability is lost when providing five years of data (for example, years 4 and 5 would not be restated to reflect the adoption of recent new accounting policies under IFRS).

### **4. Frequency of disclosures**

We support the requirement to provide Industry Guide 3 disclosures on an annual basis. As noted previously, we need to adhere to a large number of regulatory disclosure requirements on both an annual and interim basis. As these disclosures meet objectives similar to Industry Guide 3, they appropriately supplement an investor's ability to assess financial performance and credit quality on an interim basis.

We welcome the opportunity to clarify certain requirements and consider other disclosure requirements that meet the same objectives to allow for more concise reporting. We would like to thank the SEC for the opportunity to express our views and opinions and look forward to ongoing engagement and consultation in the development and finalization of common guidance which meets the overall objectives of investors.

Sincerely,

A handwritten signature in black ink, appearing to read "Dawn Hamal". The signature is fluid and cursive, with a long horizontal stroke at the end.