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Basle Committee Report Shows Improved Public
Disclosure of Trading and Derivatives Activities
by Banks and Securities Firms

Washington, D.C. -- The Basle Committee on Bank Supervision and the International Organization of Securities Commissions (IOSCO) today issued a report based on a sample of the trading and derivatives related disclosures in the 1994 annual reports of large banks and securities firms as compared to 1993 disclosures.

The analysis revealed general improvement in information disclosures in 1994. Specifically, according to the report, a number of institutions for the first time provided quantitative information on their market risk exposures and their performance in managing this exposure, as well as expanded disclosure of credit risk and risk management practices.

However, the report also points to significant differences that remain across large, internationally active banks and securities firms with respect to the type and usefulness of the information disclosed. The committees emphasized the need for banks and securities firms to use their internal measurement and management systems to disclose meaningful quantitative and qualitative information about fundamental aspects of their trading and derivatives activities and their impact on earnings. The Basle Committee and IOSCO presented a common minimum framework for disclosures in their Supervisory Information Framework issued in May 1995.

"Enhanced disclosure of derivatives activities is a trend we must continue to encourage," said Comptroller of the Currency Eugene A. Ludwig. "With innovations in risk measurement and management techniques, disclosure practices should also improve to provide a clear picture of the impact of trading and derivatives activity on bank earnings," he added.

A copy of the Basle report can be obtained from the OCC's automated fax system at (202) 479-0141. At the voice prompt, enter document number 1029, or write to the Comptroller of the Currency, Communications Division, Washington, DC 20219.

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