



May 28, 2013

Mr. Wayne Byres
Secretary General
Basel Committee on Banking Supervision
Centralbahnplatz 2
CH-4002 Basel, Switzerland

Dear Mr. Byres:

The APEC Business Advisory Council (ABAC) is the formal private sector advisory group of the Asia-Pacific Economic Cooperation (APEC) forum. Representing the business communities of all 21 APEC member economies, ABAC is tasked with ensuring the success of APEC by providing private sector insights on how best to achieve APEC's goals, both through APEC's own initiatives, and in dialogue with other international organizations.

ABAC supports APEC's goal of accelerating trade and investment liberalization and promoting regional economic integration, as well as efforts to promote capacity building to develop financial markets and encourage greater regulatory coherence.

ABAC understands the importance of sound financial regulation in maintaining sustainable growth and stable financial systems. We note, however, that given the high-level of connectivity among today's markets, the extra territorial impact of financial regulations can spread quickly, deeply and extensively across multiple financial markets.

Although ABAC has sent you a letter highlighting the unintended consequences of new financial regulations last year, we have become increasingly concerned about the serious extraterritorial impact of new financial regulations being introduced in certain jurisdictions on market activities in the rest of the world. We believe this to be particularly the case in the Asia-Pacific region, where the impact of such regulations on investment may hinder the prospects of its further development as a much needed engine of growth for the global economy at this critical point in time. We are urging relevant authorities in APEC and the G20 to address these concerns.

We particularly request your kind attention on the following three issues.

First, we request that further attention be paid to the Basel Committee's rules with respect to risk weighting and waivers of trade finance for small and medium enterprises. We also request greater support for and use of further work by the International Chamber of Commerce on trade finance data collection and analysis.

Second, we request that further attention be paid to the Basel Committee's rules on OTC Derivatives and Non-centrally Cleared Derivatives, with respect to their impact on trade finance.

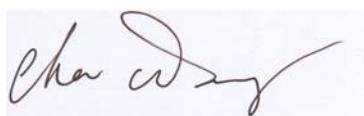
Third, we request that the implementation of Basel III be undertaken by regulators in each jurisdiction with a careful eye on the actual economic situation, market conditions and its impact on access to finance by small and medium enterprises.

Given the current unstable and uncertain economic circumstances, ABAC highly appreciates further careful consideration and review by the Basel Committee of new financial regulations with a view to addressing their negative effects on trade finance, which is a major engine of economic growth in the Asia-Pacific and other regions.

Yours sincerely,



Wishnu Wardhana
ABAC Chair 2013



Cher Wang
Chair, ABAC Finance & Economics
Working Group