



October 2010

**Minutes of the eighteenth Consultative Panel meeting on
18 May 2010, in London**

Agenda item 1 - Opening of the meeting

1. The 18th Meeting of the Consultative Panel (CPL) was held at the Committee of European Banking Supervisors (CEBS) premises in London, UK.
2. The meeting was chaired by Hugo Banziger (Deutsche Bank Group), and co-chaired by Mr. Christian Lajoie (BNP Paribas).

Agenda item 2 - Transition to the EBA

3. Arnoud Vossen, Secretary General of CEBS, briefly updated the Panel members on the developments leading to the establishment of the future European Banking Authority. The CPL members welcomed the establishment of the future authority, but they also expressed their concerns on areas that remain vague i.e. delegation of tasks, supervision of cross-border banking groups, bank resolution issues and the next steps that will finally lead to the establishment of the new authorities. They flagged the risk of creating a two-tiers regulatory system, one for cross border and one for domestic/national institutions, and they also called for the development of a resolution process within which the scope and objectives of a resolution fund will be explicitly described. Clarifications on the role of the ESRB were also sought (i.e. possible access to individual data, cooperation between ESRB and ESAs). Some members of the Panel expressed concerns regarding the composition of the future Banking Stakeholder Group (BSG) and stressed the need of safeguarding the confidentiality of information. FIN-USE representatives however supported the proposed representation. Finally the need to move towards the establishment of a harmonised European supervisory framework that will

enhance the operation of the single market was stressed. It was decided to have the issue further discussed in the next CPL meeting.

Agenda item 3 - EU developments

4. Laszlo Butt from the European Commission updated the CPL on developments regarding CRD IV, deposit guarantee schemes, and bank resolution. Most of the comments received during the consultation period on CRD IV are in line with the Panel members' concerns as regards the proposed changes. Even though the Panel members recognise the need of improving the regulatory regime, they strongly believe that the proposed framework is far-reaching with significant implications and tremendous level of complexity. CPL members called for a thorough assessment of the cumulative impact of the measures, not only to the banking sector, but to the whole economy; one impact assessment is not regarded as sufficiently enough in order to manage a right calibration of the measures. The maintenance of a level playing field was also requested.
5. As regards developments on deposit guarantee schemes, Panel members asked for harmonisation of the way the various schemes are operating. They also underline the importance of assessing how the proposed developments to the CRD, the bank resolution framework and the deposit guarantee schemes interact and what implications they have both to banking institutions and to supply of credit to the economy. They also asked the Commission to consider the differences of the banking systems (concentrated vs. granular) while targeting the harmonisation of the DGS framework and to provide clarifications as regards the funding of the schemes.
6. As regards the bank resolution, the discussions were focused on the Commission's proposal to develop a bank resolution fund framework. It is envisaged that this would be done at a national level, at least for the time being. Thus, the Panel members asked for European harmonisation and for ensuring level-playing field. The Panel members decided to further express their concerns as regards the provisions of the CRD IV.

Agenda item 4 - CRD III impact on securitisation

7. The Chair of the Panel proposed to the CPL members to work further on this area and to provide shortly a comprehensive report that will not only address the

undesirable effects of CRD III to the securitization market, but will also propose alternative treatment of the inefficiencies identified during the crisis.

Agenda item 5 - CEBS work on CCPs and prudential treatment of OTC transactions

8. It was agreed that the Panel members would review and assess the details of the Commission's proposals. The Panel also argued that at the moment it isn't clear what the role of EBA would be as regards the supervision of the CCPs. Panel members will participate in the consultation and provide their written contributions.

Agenda item 6 - CEBS draft guidelines

- a. **Concentration risk:** The Chair of the Panel presented the paper drafted from Deutsche Bank. The Panel supported the management of concentration risk under the Pillar 2 framework in the context of ICAAP-SREP dialogue and supported proposals for corrective measures that could be applied through capital add-ons.
- b. **Supervisory colleges:** The Panel members called for convergence of supervisory practices. The Chair of CEBS shortly presented CEBS's work on this area, especially through a network of supervisors of major EU cross border banking groups (SON); variable set-ups of colleges are used i.e. core college. The Panel members also supported the idea of performing ICAAP at a centralized way.
- c. **JRAD:** The draft guidelines were briefly presented by the Chair of CEBS. The Panel members welcomed the paper and recognized the difficulties of the proposed approach. It was clarified that the paper will not lead to the standardization of the approaches used, but will create a common language for supervisors. Panel members were invited to participate in the public consultation that ends 7 July 2010. A public hearing was scheduled on 3rd of June.

Agenda item 7 - EBA's role in the CRD IV implementation

9. It was agreed that this topic would be further discussed when the Basel III and CRD IV package is finalised. Arnoud Vossen invited the Panel members to be proactive as regards strategic issues concerning the role and tasks of CEBS/EBA. It

was decided the item to be further discussed in the next Consultative Panel meeting.

Agenda item 8 - CRD II implementation

10. The Chair of the Panel proposed the establishment of an industry task force that will identify inconsistencies in Europe and flag them to CEBS and/or European Commission. Giovanni Carosio presented CEBS efforts in the consistent implementation of EU law and argue that some issues should be addressed through regulation while some others should be addressed through development of guidelines from CEBS that will promote the convergence of supervisory practices. It was also recommended that the issues identified should be prioritised and CEBS to evaluate how which of them can take on board.

Agenda item 9 – AOB

11. The items under point 9 were briefly presented by Arnoud Vossen.

Participants

12. The following members and observers of the Panel were presented at the May meeting: Hugo Banziger, Christian Lajoie, Andrew Cross, Davide Alfonsi, Demetrios Lefakis, Gerhard Hofmann, Herbert Pichler, John Hollows, Jose M Mendez Alvarez-Cedron, Marcin Kawinski, Mariusz Zygierewicz, Mark Harding, Michel Bilger, Mick McAteer, Tamar Joulia-Paris, Tonny Thierry Andersen, Ulf Riese, Nicolas Jeanmart, Sandra Hafner, Volker Heegemann