

30 September 2014

## EBA Work Programme 2015

1. In accordance with Regulation (EU) No 1093/2010<sup>1</sup> of the European Parliament and of the Council of 24 November 2010 establishing the European Banking Authority (EBA), the EBA's annual work programme describes the main objectives and deliverables of the EBA in the forthcoming year derived from the tasks specified in the Regulation and from the relevant EU banking sector legislation. The work programme aims to define the main objectives and corresponding priorities of the EBA for 2015 in fulfilment of its overall mandate.

### Regulatory area

2. The fundamental objective for the EBA in its regulatory policy work will be to continue to play a central role in the development of the single rule book, with the aim of contributing to the achievement of a level playing field for financial institutions, and raising the quality of financial regulation and the overall functioning of the single market.
3. The main focus of the EBA's regulatory work relates to (i) the **Capital Requirements framework (CRD IV/CRR)**, (ii) the **Bank Recovery and Resolution Directive (BRRD)**<sup>2</sup> and the revision of the **Deposit-Guarantee Schemes Directive (DGSD)**<sup>3</sup>.
4. The **Bank Recovery and Resolution Directive (BRRD)**, which is due to be transposed into national laws by 31 December 2014, introduces a Union-wide crisis management framework, and gives national authorities common powers and instruments to pre-empt bank crises and resolve any financial institution in an orderly manner in the event of failure. In the BRRD, most of the EBA mandates have a delivery date of 12 months from the finalisation of the directive, i.e. in 2015. Overall, the BRRD specifies nearly 40 mandates for the EBA to issue guidelines and draft regulatory and implementing technical standards to be endorsed by the Commission. These products cover (i) recovery and resolution planning (including questions of proportionality in these areas), (ii) resolvability assessment and measures to overcome impediments to resolvability, (iii) early intervention and resolution triggers, (iv) intragroup financial support, (v) conditions for the use of resolution tools, (vi) definition of bail-in mechanisms and the minimum requirement for eligible liabilities, (vii) valuations serving as the

---

<sup>1</sup> Regulation (EU) No 1022/2013 of the European Parliament and of the Council of 22 October 2013 amending Regulation (EU) No 1093/2010 as regards the conferral of specific tasks on the European Central Bank pursuant to Council Regulation (EU) No 1024/2013.

<sup>2</sup> The BRRD, Directive 2014/59/EU, was published in the Official Journal in June 2014 and entered into force on 12 July 2014, with the exception of Article 124 BRRD which will enter into force on 1 January 2015.

<sup>3</sup> The DGSD, Directive 2014/49/EU, was published in the Official Journal in June 2014 and entered into force on 2 July 2014.

basis for the use of the tools, (viii) notifications and information exchanges and (ix) the functioning of resolution colleges.

5. Moreover, the Commission will be empowered to adopt a series of new delegated acts in 2014 and 2015 on the basis of the technical advice from the EBA. New tasks will also be given to the EBA, mainly linked to the management of information tools and the preparation of reports in areas such as administrative obligations and the minimum requirement for own funds and eligible liabilities (MREL), proportionality, the target level for resolution and the publication of penalties, with a wider time horizon. For this purpose, a monitoring activity will be set up by the end of 2014.
6. The **Capital Requirements framework (CRD IV/CRR)**, applicable from 1 January 2014, follows the global level agreement of prudential rules under the umbrella of the Basel III agreement. The legislative package aims to strengthen bank capital requirements, introduces a mandatory capital conservation buffer and a discretionary countercyclical buffer, and specifies new regulatory requirements for liquidity and on leverage, as well as additional capital surcharges for systemically important banks.
7. The EBA has played a crucial role in the technical implementation and application of the new CRD IV/CRR framework, since nearly 250 deliverables are to be achieved by the EBA, with many deliverables, in particular regarding credit and market risk and the prudential areas of liquidity and leverage, due in 2015. The majority of these products relate to the development of more detailed technical rules, mostly via the development of binding regulatory or implementing technical standards. Other types of deliverables include guidelines, reports, opinions, mediation activities and the receipt and processing of notifications.
8. The **Deposit-Guarantee Schemes Directive (DGSD)** recast clarifies the EBA's role under the DGSD and gives the EBA (i) a rulemaking role with guidelines specifying methods for calculating risk-based contributions to deposit-guarantee schemes and on payment commitments, (ii) a mediation role and (iii) a role to perform peer reviews on the resilience and the application of the DGSD and prepare reports on specific aspects of the DGSD's implementation.
9. While the EBA's regulatory work will continue to be focused on developing draft regulatory and implementing standards, **other regulatory tasks** are increasingly gaining prominence, in particular the EBA's contribution to the legislative processes, developing various reports, monitoring of implementation and calibration of rules (for example, reports in the areas of liquidity and leverage rules and their calibration, and loss absorbency capacity and minimum eligible requirements for bail-in).
10. Furthermore, a wide variety of legislation and legislative proposals in the area of financial and banking regulation stipulate the allocation of new tasks to the EBA and the expansion of existing EBA tasks, such as the Audit Regulation, reviews of the Anti-Money Laundering Directive (AMLD), European Market Infrastructure Regulation (EMIR), Market in Financial Instruments legislation (MiFID/MiFIR), Credit Rating Agencies Regulation (CRA), Central

Securities Depositories framework (CSD), Payment Services Directive (PSD), E-Money Directive, Financial Conglomerates Directive (FICOD), Regulation on comparability of bank account fees, Directive on access to payment accounts with basic features (PAD), Packaged Retail and Insurance-Based Investment Products legislation (PRIIPs) and Regulation on the structural measures in the EU banking sector. The EU institutions are also considering other initiatives, for example in relation to the regulation of shadow banking activities and to benchmark setting processes, as well as further legislative changes which will fall within the remit of the EBA, including revision of large exposures rules regime, review of accounting and prudential filters, revision of trading book charges and collateral management and rehypothecation measures. It is expected that all the above legislative proposals and initiatives will have a major impact on the number and priorities of specific tasks of the EBA between 2015 and 2017.

## Oversight area

11. In respect to the EBA's oversight role, the EBA's **work on home host cooperation and supervisory convergence** will be expanded in 2015 and beyond, in particular to ensure the EBA plays a proactive role in the implementation of new tasks for supervisors stemming from CRD IV/CRR (such as the assessment of liquidity adequacy and joint decisions on liquidity measures) and BRRD.
12. In addition, the EBA will need to expand its **policy and monitoring work on supervisory convergence in Pillar 2**, such as detailed Pillar 2 risks management guidelines. Starting in 2014, but continuing throughout 2015 and 2016, the EBA will start the regular monitoring of convergence of supervisory methodologies in Pillar 2 and provide regular reports to the European Parliament. This will be a resource-intensive process involving the development of a monitoring tool, the regular collection and analysis of information and the preparation of reports. In addition, the EBA will develop technical standards and continue its work on benchmarking the outcome of banks' internal models, as requested under the CRD IV/CRR. These steps are vital for supervisory convergence in the single market and for avoiding disputes in home host relations.
13. Other measures to ensure effective cross-border supervision will include, where appropriate, the EBA's role in **binding mediation**, active facilitation and, where deemed necessary, the coordination of any actions undertaken by the competent authorities in case of adverse developments or crisis situations.
14. In this regard, the EBA will also continue its work in **colleges of supervisors** to strengthen European supervision of cross-border banking groups. EBA staff will continue to participate in, support and monitor colleges. Moreover, the re-establishment of colleges under the Single Supervisory Mechanism (SSM) will be a key task; and ensuring that home host relations continue to function smoothly between SSM and non-SSM countries will be a priority, both in terms of ongoing supervision and in relation to specific tasks associated with the balance sheet assessment. The EBA will also assist the relevant competent authorities in the assessment of

**third countries' equivalence** and by providing input to the European Commission's implementing acts. The EBA will also continue to support related training activities focused on supervisory cooperation.

15. Furthermore, alongside its extensive regulatory role, the EBA will contribute significantly to engaging in, and assisting, the discussions and agreement on **recovery plans** between relevant competent authorities. Where disagreements arise, the EBA will help to settle them.
16. In the area of **resolution**, the EBA will play a role in the development of resolution plans, assessment of resolvability and addressing the impediments to resolvability. The EBA will assist resolution authorities in establishing resolution colleges in 2015 and will monitor their functioning. Where disagreements between resolution authorities arise, the EBA will help to settle them.
17. The EBA's oversight activities in 2015 will continue to focus on **identifying, analysing and addressing key risks in the EU banking sector**. Following the EBA's recapitalisation recommendation in 2012, and the 2014 EU-wide stress test, the EBA will continue to monitor capital levels and banks' capital plans to strengthen their capital position further, as they move towards the implementation of CRD IV. The EBA will also continue to work with relevant competent authorities to promote the ongoing process of balance sheet repair and banks' efforts to restore sustainable funding structures. The EBA will also, during 2015, assess what work is needed in any 2015 EU-wide stress test, with the EBA again coordinating and providing relevant competent authorities with the scenarios, methodologies and benchmarking tools they will use to ensure effective and robust stress tests – for which the EBA will serve as a data transparency hub.
18. This latter is a key part of the EBA's ongoing efforts to promote improved **reporting and transparency** in the EU banking sector in a comprehensive and consistent manner, in which the highest priority will be providing ongoing assistance with implementation challenges in the common reporting framework, COREP and FINREP, implemented in 2014, as well as taking forward guidelines on Pillar 3 and further assessing and identifying areas for strengthening consistent transparency across the EU banking sector.
19. The EBA has also new mandates related to issuing **opinions on the use of macro-prudential tools**, which will require additional analytical and policy work.
20. The EBA will continue its **regular thematic analysis** in a number of areas, including the consistency of outcomes in risk weighted assets (RWAs), where it will provide benchmarks for competent authorities, and assess the sustainability of banks' business models and funding plans. Regular products will include frequent funding and liquidity updates drawing on supervisory and market intelligence, semi-annual banking sector reports to the Board of Supervisors and the Economic and Financial Committee (EFC) – Financial Stability Table (FST) – and quarterly updates to the ESRB. The EBA will also continue to **provide technical assistance and advice to the Commission** upon request, both in programme or stressed countries, as well

as in drafting reports on key issues affecting the EU banking sector (such as the report on the impact of ECB's longer term refinancing operations).

21. In turn, the EBA will use supervisory data along with market intelligence and input from colleges to prepare **risk assessment reports** for the European Parliament, the Commission and the ESRB. Cross-sectoral risk reports will continue to be prepared in collaboration with the Joint Committee, and will be sent to the EFC-FST. The EBA will also maintain and further develop its risk indicators and its suite of risk dashboards, including internal EBA bank level dashboards, peer group dashboards to be shared with supervisory colleges/NSAs and a sectoral dashboard for EBA and ESRB discussions.

## Consumer protection area

22. In the area of consumer protection, the EBA has an EU-wide responsibility and is fully committed to promoting transparency, simplicity and fairness in the market for consumer financial products or services across the single market. In 2015, the EBA's consumer protection unit will continue to collect, analyse and report on consumer trends and analysis of banks' activities in structured products and the retailisation thereof. Moreover, it will continue to assess and analyse consumer detriment issues, and monitor and take action on **financial innovation**, particularly innovative payment systems. In addition, the EBA will work on convergence of supervisory and regulatory practices with regard to consumer protection as well as 'crowd funding'. Finally, the EBA will continue to monitor the market for **virtual currencies** to assess what, if any, follow-up action is required to the EBA Opinion published in June 2014.

23. Further to the adoption of the **Mortgage Credit Directive (MCD)** in February 2014, which will be transposed by 21 March 2016, national competent authorities (NCAs) for the MCD will also then be the appropriate addressees of the EBA's legal instruments on responsible mortgage lending and the treatment of mortgage borrowers in arrears. This will allow the EBA not only to ensure a consistent implementation of the MCD across EU Member States, but also to address its legal instruments to the competent authorities for the MCD, as well as to work on passporting and information exchange.

24. The proposed review of the **Payment Services Directive (PSD 2)** is expected to be adopted at the end of 2014, with an implementation deadline of the end of 2016. It is expected to assign mandates to the EBA to develop two regulatory technical standards and five guidelines, with a view to (i) creating and maintaining a public register, (ii) setting out requirements for the exchange of information between home and host states, the rights of establishment, the notification of security incidents by payment institutions and the establishment of customer authentication, in close cooperation with the ECB, and also (iii) to create a web portal.

25. The **Payment Accounts Directive** has been adopted and was published in the Official Journal on 28 August 2014. The EBA has to develop Guidelines for NCAs regarding the lists of the most representative services linked to a payment account, in advance of the work at the national

level by Member States, which should be used by NCAs to identify these. The EBA will also start work on its ITS mandates regarding a standardised presentation format of the fee information document, the statement of fees and their common symbols, which will require consumer testing, and an RTS mandate on standardised terminology for Payment Account services, allowing for better comparison of payment account offers across the Union.

26. The EBA will monitor the market for structured deposits in accordance with its mandate in the **Markets in Financial Instruments Regulation (MiFIR)**.

## Policy analysis and coordination

27. The EBA will continue to undertake independent impact assessment, perform peer reviews and provide support to the Banking Stakeholder Group, the ESAs' Joint Committee and the ESAs' Board of Appeal. Other coordination activities will include (i) provision of support to the main EBA governing bodies, the Board of Supervisors and the Management Board, (ii) support in the planning, prioritising, monitoring, execution and following up of the deliverables stemming from the EBA's work programme, (iii) external coordination with EU institutions and external bodies, such as the BCBS (Basel Committee on Banking Supervision) and IMF, and (iv) facilitation of training to EU banking supervisors.

## Legal support

28. The EBA will continue to provide a secretariat for any mediation requests, handle complaints, assess potential breaches of EU law and provide high-level legal analysis and support to the EBA's core functions, including on draft regulatory products (Technical Standards, Guidelines, Recommendations and Opinions), to ensure that the EBA operates according to its founding regulation and within the framework of all other applicable EU and national law.

## Operations

29. In the area of Operations, the EBA will focus on the following activities in the areas below:

- In the area of finance: introduction of activity-based budgeting system, as well as improved budget monitoring and execution;
- In the area of procurement: close monitoring and timely performance of all procurements as listed in the 2015 procurement plan, and other procurements arising in the year;
- In the area of human resources: introduction of HR implementing rules in accordance with the new Staff Regulations, implementation of flexitime, further improvement of HR processes and introduction of HR policies in line with the Staff Regulations;
- In the area of communications: development and implementation of the new communications strategy, implementation and maintenance of the interactive Single

Rulebook, the Questions & Answers tool and the tool for enhancing press monitoring and analysis;

- In the area of IT: implementation of the new IT strategy, which will include further enhancement of data collections, reporting and analysis platform in relation to CRD IV and the associated implementing technical standards, as well as provision of near real-time systems for notifications and sanctions as defined in the EBA founding regulations. The key internal project will be the implementation of a document management system;
- In the area of internal control standards: as foreseen in EBA's planning, Internal Control Standards will be further improved in 2015, consolidating amongst others risk management, document management, business continuity, planning and reporting capabilities.

30. In addition to the above, the EBA will continue to improve effectiveness and efficiency of existing support and administrative processes. It will continue to pursue successful cooperation with the other two ESAs in order to leverage potential economies of scale in support functions. The EBA will continue to be funded by the European Commission and the NCAs.

## The EBA in light of the review of the European System of Financial Supervision and establishment of the Single Supervisory Mechanism

31. The European Commission has published<sup>4</sup> its report on **the assessment of the European System of Financial Supervision, in accordance with Article 81 of the ESAs' Regulations**. The report assessed, and examined from different perspectives, the functioning of the European Supervisory Authorities (ESAs) after three years of their operation. The Commission noted in its report that it intends to examine further the technical and legal aspects of the various issues raised. The report may be followed by legislative proposals, and have further implications for the EBA's mandate and competences beyond 2014. As the review has just been published, it is premature to estimate the impact of the review on the mandate of the EBA.

32. The consequence of significant new changes to the European banking regulation and supervisory architecture, with the **Single Supervisory Mechanism/Banking Union**, the **Single Resolution Mechanism**, and the **proposals for structural reform**, will have further important repercussions on the mandate of the EBA.

The **Single Supervisory Mechanism (SSM)** will call on the Union for an even stronger commitment to the single rule book, and in particular to unify supervisory methodologies and practices, where the EBA will provide its contribution and expertise with the development of a Single Supervisory Handbook as part of its work on supervisory convergence. The work on new modules will continue in 2015 and over the next few years. The SSM will also call for enhanced operational

<sup>4</sup> See [http://ec.europa.eu/internal\\_market/finances/committees/index\\_en.htm](http://ec.europa.eu/internal_market/finances/committees/index_en.htm) published on 8 August 2014.

relationships in all the fields and with all the parties involved, in particular with the European Central Bank. The re-establishment of colleges under the SSM will be a key task; and ensuring that home host relations continue to function smoothly will be a priority for the EBA both in terms of ongoing supervision and in relation to specific tasks associated with the balance sheet assessment. Finally, as the only body well placed to offer thematic micro-prudential insights to the banking sector across the single market, the EBA will endeavour to ensure that its risk infrastructure, including data and risk reports, focuses on this specific value added and makes maximum use of the EBA's EU-wide data and supervisory insights, including through its participation in colleges of supervisors.