30 September 2015

The EBA 2016 Annual Work Programme

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List of abbreviations

ABCP	Asset-backed commercial paper
APRC	Asia-Pacific Regional Committee
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision
BRRD	Banking Recovery and Resolution Directive
CA(s)	Competent Authority(ies)
CA(s)	Contract agent(s)
CET1	Common Equity Tier 1
CCP	Central counterparty
CMU	Capital Markets Union
CRD	Capital Requirement Directive
CRR	Capital Requirement Regulation
CRM	Credit risk mitigation
CSDR	Central Securities Depositories Regulation
CVA	Credit value adjustments
DGSD	Deposit Guarantee Schemes Directive
EBA	European Banking Authority
EC	European Commission
ECAIs	External credit assessment institutions
ECB	European Central Bank
EEA	European Economic Area
ELBE	Expected loss best estimate
EMIR	European Market Infrastructure Regulation
ESAs	European Supervisory Authorities
EU	European Union
FSB	Financial Stability Board
FTE	Full-time equivalent
HR	Human resources
IA	Impact assessment
IFRS 9	Financial instruments (replacement of IAS 39)
IMF	International Monetary Fund
IRB	Internal ratings-based
IT	Information technology
ITS	Implementing technical standards
JC	Joint Committee
LCR	Liquidity coverage ratio
MiFIR	Markets in Financial Instruments Regulation
MCD	Mortgage Credit Directive

MLD	Money Laundering Directive
MLR	Money Laundering Regulation
MREL	Minimum requirement for own funds and eligible liabilities
NCAs	National competent authorities
NFCs	Non-financial counterparties
NSAs	National Supervisory Authorities
NSFR	Net stable funding ratio
PAD	Payments Accounts Directive
PD	Probability of default
PRIIPs	Packaged retail investment and insurance-based investment products
PSD2	Payment Services Directive (revised)
PSE	Public sector entities
Q&As	Questions and Answers
RCAP	Regulatory consistency assessment programme
RTS	Regulatory technical standards
SME	Small and medium-sized enterprise
SNE(s)	Seconded National Expert(s)
TAs	Temporary agent(s)
RWAs	Risk-weighted assets

Executive summary

1. In accordance with Regulation (EU) No 1093/2010[1] 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 and summarises 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.

2. Planning of the EBA's work programme represents an essential exercise to determine the focus of the EBA's work and where it should allocate its resources, allowing for appropriate prioritisation of the EBA's tasks for 2016 in fulfilment of its overall mandate. It provides transparency and accountability to the EBA's stakeholders and serves internally to link the day-to-day activities and processes to the strategic areas, which are:

    A. To play a central role in the regulation and policy framework with the development and maintenance of the Single Rulebook;

    B. To promote the development and coordination of resolution policy and resolution plans, and to develop common approaches for the resolution of failing financial and credit institutions and financial market infrastructures;

    C. To promote the convergence of supervisory practices to a high standard so as to ensure that regulatory and supervisory rules are implemented equally across all Member States;

    D. To identify and analyse trends, potential risks and vulnerabilities stemming from the microprudential level across borders and sectors;

    E. To maintain and develop the common supervisory reporting framework, as well as to strengthen its role as an EU data hub for the collection, use and dissemination of data on EU banks;

    F. To protect consumers and monitor financial innovation;

    G. To ensure secure, easy and efficient payment services across the EU; and

    H. For the EBA to be a competent, responsible and professional organisation, with effective corporate governance and efficient processes.

3. Each strategic area describes in detail the regulatory framework and the main deliverables to be submitted within the year under the heading 'Activities'.

4. The specific priorities and deadlines shall be subject to the approval of the EBA's Board of Supervisors that adopts the work programme, before 30 September 2015, on the basis of a proposal by the Management Board.

[1] Regulation (EU) No 1022/2013 of the European Parliament and of the Council of 22 October 2013 amended 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.

The EBA's activities under each strategic area

Introduction

5. To enhance consistency and comparability across different EU bodies, the Commission, as part of the New Financial Regulation, has standardised the requirements for the annual and multi-annual work programme.

6. In a change from previous years, the EBA has presented two separate documents - the 2016 annual work programme and the 2016-2018 multi-annual work programme - to support the work to be delivered in the coming years.

7. The planning exercise at this stage has focused on what the EBA seeks to achieve in 2016, how it fits with the EBA's legal mandates, and the EBA's priorities for 2016, together with the estimated available resources.

8. In this section, there is a short description of each strategic area explaining what is expected to be delivered in 2016, together with the associated activities. A further description of each strategic area can be found in the 2016-2018 multi-annual work programme.

9. Each activity has been defined using a template, contained in the Annex, enclosing:

    - Description – a detailed summary of the activity's objectives;
    - Expected results – an explanation of the desired outcome;
    - Main outputs – a list of expected tasks to be delivered within the year (caveat: not all the ongoing tasks are included); and
    - FTE – the full-time equivalent resources[2] needed to undertake the activity.

[2] Based on the 2016-2018 multi-annual staff policy plan.

A. To play a central role in the regulation and policy framework with the development and maintenance of the Single Rulebook

10. 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 Rulebook, with the aim to contribute to the achievement of a level playing field for financial institutions, as well as to raise the quality of financial regulation and the overall functioning of the Single Market. The EBA provides advice to the Commission during preparation for its legislative initiatives.

11. Under this framework, the EBA's core annual activities will be:

Activity 1: Capital	
Description	To be able to absorb losses in a going or gone concern situation, institutions need own funds in sufficient quantity and quality in accordance with applicable European legislation. The EBA monitors the quality of own funds on an ongoing basis and may provide advice and opinions. In particular, the EBA is to conduct a comprehensive project in terms of monitoring AT1 issuances and maintaining a public list of CET1 instruments, for which an assessment of all new types of instruments is necessary. In addition, in order to constrain financial innovation and to keep the terms and conditions of issuances as simple as possible, the EBA is to work on standardised term sheets and regularly engage in dialogue with numerous stakeholders to follow developments and provide guidance in the area of capital and capital issuances.
Expected results	To ensure that the quality of all tiers of capital is maintained to the highest standard and that no deterioration of the quality of capital takes place.
Main outputs	▪ Production of standardised templates on AT1 instruments. ▪ Recurrent reports for the monitoring of the CET1 list and AT1 issuances. ▪ Analysis of interactions with loss absorbency requirements.
FTE	2

Activity 2: Internal governance, remuneration and anti-money laundering	
Description	EU legislation requires that institutions have robust governance arrangements, including a clear organisational structure, well-defined lines of responsibility, effective risk management processes, control mechanisms and remuneration policies. The internal governance should be appropriate to the nature, scale and complexity of the institution. The main responsibility for internal governance lies with the management body, which is subject to specific suitability requirements. In addition, Article 91 of the CRD requires that the members of the management body shall, at all times, be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform duties, as well as commit sufficient time to perform their functions in the institutions. The EBA is working on maintaining sound remuneration principles in line with the intentions of co-legislators and is asked in this context to monitor the use of remuneration tools (such as allowances) and to provide input to the Commission's work. The EBA is also working on anti-money laundering cross-sectorial issues that fall within the remit of the Joint Committee (JC) of the ESAs, such as the ESAs' mandates under the Fourth Money Laundering Directive/Regulation (MLD/MLR).
Expected results	Institutions' remuneration policies for staff members, whose professional activities have a material impact on the institutions' risk profiles, shall ensure that remuneration is consistent with sound and effective risk management and shall provide an incentive for prudent and sustainable risk-taking.

Activity 2: Internal governance, remuneration and anti-money laundering	
Main outputs	▪ Guidelines on internal governance, Article 74 of the CRD. ▪ Guidelines on the assessment of the suitability of members of the management body and key function holders, Article 91(12) of the CRD. ▪ Benchmarking report on diversity practices, Article 91(11) of the CRD. ▪ Guidelines on the collection exercise of approved higher maximum ratios for variable remuneration, Article 94(1 g ii) of the CRD. ▪ Report on remuneration provisions for the Commission, Article 161(2) of the CRD. ▪ Report on remuneration benchmarking and high earners data, Article 75(1) and (3) of the CRD. ▪ Joint opinion on the risks of money laundering and terrorist financing with regard to their effects on the EU's financial sector. ▪ Guidelines on enhanced due diligence under the 4th MLD. ▪ Guidelines on risk-based supervision under the 4th MLD. ▪ Guidelines on simplified due diligence under the 4th MLD. ▪ RTS on central contact points under the 4th MLD. ▪ RTS on mitigating the risk of third countries prohibiting the application of equivalence for anti-money laundering or financing of terrorism standards under the 4th MLD.
FTE	4

Activity 3: Liquidity risk	
Description	The CRR mandates the EBA to provide a regular annual impact assessment on the liquidity coverage ratio (LCR), as well as a report to assess the appropriateness of its phase-in, as envisaged in the CRR. The EBA also develops technical standards on reporting, which have to be regularly updated (see details below). In terms of implementation, the EBA is scrutinising the way in which institutions and NCAs have implemented CRR and technical standards provisions, in particular in terms of notifications and the use of options/national discretions. Finally, the EBA will contribute to assess the calibration of the NSFR rules at the EU level so as to provide input to the Commission as to whether it should table a legislative proposal following the calibration report due for end 2015. In 2016, the EBA will also complement the existing regulatory mandates by developing its own initiative Guidelines.
Expected results	The EBA's deliverables in the area of liquidity are mainly Guidelines, reports, and technical standards on reporting. The EBA will also elaborate on its own initiative Guidelines on the LCR disclosure and on intraday liquidity risk.
Main outputs	▪ Annual report on the impact of LCR. ▪ LCR phase-in report. ▪ Guidelines on the disclosure of LCR. ▪ Guidelines on intraday liquidity risk. ▪ Report and advice on NSFR.
FTE	2

Activity 4: Leverage ratio	
Description	The leverage ratio is a new monitoring tool that will allow competent authorities (CAs) to assess the risk of excessive leverage in their respective institutions. The EBA has to deliver a calibration report by October 2016 at the latest, which will be the starting point for a proposal from the Commission regarding a leverage ratio in the EU. The EBA is working on regular updates of technical standards with regard to reporting of the leverage ratio, including disclosure.
Expected results	In accordance with the CRR, credit institutions will have to report all necessary information on the leverage ratio and its components, pending the introduction of a level (or levels) of leverage ratio in

Activity 4: Leverage ratio	
	the EU, following the EBA's input provided to the Commission.
Main outputs	▪ Report on leverage ratio with regard to its calibration and impact on business models.
FTE	2

Activity 5: Credit risk and credit risk modelling	
Description	The EBA's work in relation to credit risk focuses on the development of technical standards, Guidelines and reports regarding the calculation of capital requirements under the standardised approach and the internal ratings-based (IRB) approach for credit risk and dilution risk with respect to all business activities of an institution, excluding the trading book business, under the CRD/CRR.[3]
Expected results	The EBA's objective is to contribute to a consistent implementation across the EU of provisions related to topics such as credit risk adjustments, definition of default, permission to use the standardised/IRB approach, appropriateness of risk weights and/or credit risk mitigation techniques.
Main outputs	▪ Proposals to address the repair of IRB models. ▪ Risk weights for mortgage lending (ongoing). ▪ Guidelines on downturn loss given default (LGD) calculation ▪ Guidelines on LGD in default ELBE and IRB shortfall calculations. ▪ Guidelines on PD computation. ▪ RTS on eligible collateral within the CRM framework. ▪ RTS on conditional guarantees. ▪ RTS on the definition of default thresholds for past due items. ▪ Guidelines on the default of an obligor, including quantitative impact study (QIS). ▪ Report on SMEs. ▪ Monitoring of ECAI mappings. ▪ Monitoring of the PSE list.
FTE	8

Activity 6: Market risk	
Description	Market risk can be defined as the risk of losses in on-balance-sheet and off-balance-sheet positions arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all positions included in banks' trading books, as well as from commodity and foreign exchange risk positions in the whole balance sheet.
Expected results	The EBA, through the publication of its Guidelines, intends to foster convergence in the implementation of some of these new capital requirements, namely the stressed value-at-risk (stressed VaR) and the incremental risk charge (IRC) introduced to adequately capture credit risk. The EBA will also develop a few draft RTS to clarify and better articulate certain requirements provided in the new CRD IV/CRR text.
Main outputs	▪ Guidelines on the corrections to the modified duration of debt instruments. ▪ RTS on assessment methodology. ▪ Guidelines on incremental default and migration risk. ▪ Guidelines on stress in correlation trading portfolios. ▪ CVA recommendations, implementation and monitoring. ▪ Monitoring of the CVA multiplier. ▪ RTS on exclusion of CVA for third-country NFCs. ▪ Guidelines on stressed VaR.

[3] Please also see related activity, 'Consistency of RWAs'.

Activity 6: Market risk	
FTE	4

Activity 7: Market infrastructure	
Description	With the entry into force of the EMIR and the CRD IV/CRR, several provisions require the EBA to draft regulatory technical standards, issue opinions and prepare reports on the interaction between credit institutions and investment firms on the one hand, and market infrastructures on the other hand.
Expected results	The EBA is to perform analysis on certain aspects of the EMIR and the CRD IV/CRR, including with regard to CCPs.
Main outputs	▪ CCPs' work under the EMIR. ▪ Report on the interactions with the EMIR. ▪ Joint Assessment Team report. ▪ ESAs Joint Guidelines for the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector.
FTE	2

Activity 8: Securitisation and covered bonds	
Description	In accordance with the CRD IV/CRR framework, the EBA is mandated to draft technical standards and to issue Opinions and Guidelines on securitisation, covered bonds and preferential risk weights in covered bonds.
Expected results	The EBA also monitors market developments and analyses the range of practices across Member States in order to have a consistent implementation of new regulations. The EBA also closely cooperates with national supervisors on securitisation and covered bonds, monitoring the international developments of the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO).
Main outputs	▪ Guidelines on implicit support with regard to securitisation. ▪ Guidelines on the Supervisory Formula Method on securitisation under Article 262(3) of the CRR. ▪ Annual report on securitisation retention rules. ▪ Proposals for simple, standard and transparent synthetic securitisation. ▪ Advice in light of the CMU's prospects, which is likely to include activities linked to the Commission's initiatives in the area of covered bonds and securitisations. ▪ RTS on disclosures of unencumbered assets.
FTE	3

Activity 9: Analysis and operational risks	
Description	EU legislation requires that institutions adequately manage and mitigate operational risk, which is defined as the risk of losses stemming from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes legal risks but excludes reputational risk, and is embedded in all banking products and activities. While this risk has always existed in banking and non-banking organisations, its impact has acquired a greater relevance given the increased complexity and globalisation of the financial system, and the recent materialisation of unprecedented and extremely large losses.
Expected results	The EBA aims at promoting and enhancing the effectiveness of operational risk management and supervision throughout the banking system by developing Guidelines and an RTS on operational risk under CRD IV/CRR.
Main outputs	▪ ITS and RTS on authorisation of credit institutions. ▪ ITS on common procedures, forms and templates on authorisation. ▪ Advice on investment firms' prudential regime. ▪ Support regarding the notification system.

Activity 9: Analysis and operational risks	
	▪ RTS on relevant indicators under accounting standards, which are different under Directive 86/635.
FTE	8.5

Activity 10: Structural reforms, shadow banking and large exposures	
Description	The EBA has a strong interest in promoting sound structural policies regarding the scope of application of prudential regulations and disclosure standards for the banking and financial industry, as well as transparent and comparable financial statements that strengthen market discipline.
Expected results	The EBA is to develop technical standards and Guidelines and perform analysis on the Commission's structural reform, shadow banking and large exposure proposals.
Main outputs	▪ RTS, ITS and Guidelines on core credit institutions and trading entities. ▪ Guidelines on connected clients on large exposures. ▪ The EBA is to develop regulatory products in accordance with its mandates under the envisaged structural reform legislative package.
FTE	4

Activity 11: Accounting, audit and scope of consolidation	
Description	The EBA is keen on facilitating effective dialogue between (i) the CAs supervising credit institutions and (ii) the statutory auditors and the audit firms carrying out the statutory audits of those institutions.
Expected results	The EBA is to develop technical standards and Guidelines and provide technical advice in the areas of accounting, audit and scope of consolidation.
Main outputs	▪ Quantitative and qualitative analysis of IFRS 9. ▪ RTS on consolidation methods. ▪ Monitoring of accounting standards. ▪ Guidelines for communication between supervisors and auditors. ▪ Technical advice (requested by the Commission) on developments in the market with regard to providing statutory audit services to public interest entities. ▪ Guidelines on accounting for expected credit losses.
FTE	2

Activity 12: Q&As and other activities	
Description	The EBA is committed to the maintenance and development of the Single Rulebook, and the monitoring of its implementation, by providing support tools such as Q&As and technical support to the Commission's initiatives and other related matters.
Expected results	The EBA is to maintain and develop the EU Single Rulebook Q&A tool.
Main outputs	▪ Providing answers to stakeholders on the implementation of the prudential regulations via the EU Single Rulebook Q&A tool. ▪ Update of the supervisory disclosure technical standard.
FTE	5.5

B. To promote the development and coordination of resolution policy and resolution plans, and to develop common approaches for the resolution of failing financial and credit institutions and financial market infrastructures

12. In the area of the **resolution** of failing financial and credit institutions, the EBA will play a role in the development of resolution plans, the assessment of resolvability and in addressing the impediments to resolvability. In this capacity, the EBA will undertake comparison exercises of the plans it receives and will provide benchmarks and comparative information to resolution and supervisory authorities.

13. Under the BRRD and DGSD framework, the core annual activities will be:

Activity 13: Resolution planning	
Description	Resolution planning is a relatively new key topic for resolution colleges and, in this respect, the EBA will assist resolution authorities in the practical application of the new BRRD framework for resolution planning and execution; it will foster dialogue and enhance readiness among home and host resolution authorities, and will provide support through the benchmarking of resolution plans. In addition, the EBA will cooperate with the group-level resolution Authority and the consolidating supervisor in the identification of substantive impediments to the effective application of resolution tools.
Expected results	The EBA will review plans received and will communicate with resolution authorities in the context of practices observed in the removal of impediments to resolvability. Binding and non-binding mediation in the context of joint decisions for resolvability assessments, resolution planning, and resolution execution will be carried out as necessary. The EBA will also develop the necessary procedures to support its work.
Main outputs	▪ Providing training to CAs on the content of the technical standards and Guidelines. ▪ Participation in the FSB's work to build a framework for international cross-border resolution. ▪ Contributing to the identification of impediments to resolvability, including benchmarking reports on resolution plans. ▪ Preparation of work on mediation procedures and processes.
FTE	5

Activity 14: Resolution colleges	
Description	The EBA is required by the BRRD to ensure correct functioning of resolution colleges, and to actively participate in the development and coordination of effective, consistent and up-to-date resolution plans.
Expected results	In attending resolution colleges, the EBA's focus will be on: (a) the processes followed in making joint decisions and the identification of any cross-border problems arising (in particular, those that may constitute an impediment to smooth resolution); and (b) the efficiency and effectiveness of the functioning of the college, together with the extent of compliance with EU law. Standardised templates will be prepared to assist in the making of joint decisions. The EBA may also conclude framework cooperation arrangements with relevant third-country authorities, covering information sharing and cooperation processes and arrangements in relation to resolution of cross-border financial institutions.
Main outputs	▪ Mapping of resolution colleges. ▪ Monitoring of resolution colleges' activities, status of joint decisions regarding resolution planning,

Activity 14: Resolution colleges	
	and Crisis Management Groups. ▪ Feedback to home authorities and an annual report (to the EBA's Resolution Committee) on the functioning of resolution colleges. ▪ Subject to the conclusion of a first framework cooperation arrangement with the third-country authorities of Switzerland, Hong Kong, Japan and the USA, the EBA is to proceed to further framework cooperation arrangements with other relevant third-country authorities. ▪ Guidelines on providing information in a summary or collective form.
FTE	4

Activity 15: BRRD, DGSD and non-bank resolution initiatives	
Description	The recovery and resolution framework is to enhance financial stability, reduce moral hazards, protect depositors and critical financial services, save public money, and ensure the smooth functioning of the internal market for financial services. This framework is complemented by the ongoing review of the DGSD (which also assigns rulemaking tasks to the EBA) and by other forthcoming regulatory initiatives on financial institutions other than banks and on financial market infrastructures.
Expected results	The objective is to provide consistent implementation across the EU of the provisions of resolution policy documents.
Main outputs	▪ Reports on the implementation of the MREL and possible legislative initiatives to remedy inconsistencies and fill gaps. ▪ Guidelines on DGSD cross-border cooperation agreements. ▪ Guidelines on DGSD stress testing. ▪ Report on the reference point used for setting the target level for resolution financing arrangements. ▪ Report on the administrative penalties under the BRRD. ▪ Q&As on regulatory products.
FTE	4

C. To promote the convergence of supervisory practices to a high standard including provision of training to Competent Authorities so as to ensure that regulatory and supervisory rules are implemented equally across all Member States

14. With respect to the fact that the EBA's role in promoting supervisory convergence and aiding and overseeing colleges for the largest cross-border banks will be expanded beyond 2015, the EBA: will prepare for the roll-out of Guidelines on the supervisory review and evaluation process (SREP); will work on additional guidelines and tools for supervisors; will expand its work on the single supervisory handbook; will work with supervisors across the EU to operationalise the new technical standards on the functioning of colleges; and will continue the assessment of equivalence for third countries against the European framework.

15. Under the CRD and BRRD framework, the core annual activities will be:

Activity 16: Recovery planning and early intervention	
Description	Assisting supervisors in the practical application of the new BRRD framework for recovery planning and early intervention and in monitoring evolving practices will be important activities in the EBA's future work. The EBA will also work on RTS and will report on the criteria for simplified obligations with an estimated delivery in 2017.
Expected results	This will contribute to the preparation of additional technical standards and reports based on this area.
Main outputs	▪ Report on benchmarking recovery plans.
FTE	4

Activity 17: Supervisory convergence	
Description	Facilitating and monitoring implementation of the Single Rulebook and the SREP will be a key strand in the EBA's mandate on supervisory convergence. To achieve this, the EBA will focus on: training (expecting to increase the number of events from previous years), including training on SREP Guidelines and recovery plan assessments; benchmarking of Pillar 2 approaches; mapping and monitoring of supervisory practices and supervisory outcomes based on the SREP Guidelines; and additional support—for example, in the form of the supervisory handbook and/or own initiative Guidelines.
Expected results	The EBA will assist, advise and train CAs. The EBA will also monitor and aggregate information to promote convergence practices, report on supervisory convergence in general, and identify areas of potential divergence, taking action as appropriate. This is one of the EBA's strategic priorities, with specific deliverables (as detailed below), analysis of the consistency of supervisory outcomes, and increased training activities.
Main outputs	▪ Comprehensive training programme for EU supervisors to promote convergence (expecting a major increase). ▪ Benchmarks for Pillar 2 approaches. ▪ Annual report on supervisory convergence. ▪ Supervisory convergence assessment on selected topics. ▪ Guidelines on stress testing. ▪ Guidelines on IT risk supervision. ▪ Ongoing work on the supervisory handbook.

Activity 17: Supervisory convergence	
FTE	6

Activity 18: Functioning of supervisory colleges	
Description	In its contribution to the work of colleges, the EBA will continue to actively participate in joint risk assessments and joint decisions, proposing priority risk items for college agendas (such as conduct risk and remuneration), providing feedback on the functioning of colleges and on enhancing the tools offered to colleges, including risk products and secure IT platforms for sharing information. The EBA will continue to offer mediation in cases where disagreements between CAs arise.
Expected results	Efficient functioning of colleges, leading to timely and well-substantiated joint risk assessments and joint decisions on capital, liquidity and recovery plans.
Main outputs	▪ Regular feedback to college leads. ▪ Colleges' action plans.[4] ▪ Annual report on the functioning of colleges.
FTE	8

Activity 19: Third countries' equivalence assessments	
Description	The EBA will continue to promote consistency of treatment for third countries in supervisory colleges by assessing the confidentiality framework of several CAs. An important aspect of the equivalence assessment will be providing an opinion to the Commission on the equivalence of the regulatory and supervisory framework of selected third countries for the purpose of the Commission issuing equivalence decisions.
Expected results	This is a long-term project in which the EBA is expected to assess over 40 jurisdictions in 3 years and later regularly update the assessments. The scope of this work covers CRR and CRD provisions—the overall regulatory and supervisory framework. Lack of resources for this activity has a direct impact on capital requirements of the EU banks, as well as on limiting certain exposures in third countries not covered by the assessment.
Main outputs	▪ The EBA's opinion on the equivalence[5] of the regulatory and supervisory framework. ▪ Recommendations on the equivalence of the confidentiality regime.
FTE	4

[4] The number of colleges that the EBA will be able to closely scrutinise will be dependent on available resources.

[5] The number of third-country regimes that the EBA will be able to assess will be dependent on available resources.

D. To identify and analyse trends, potential risks and vulnerabilities stemming from the microprudential level across borders and sectors

16. The EBA's risk analysis and assessment work will continue to focus on **identifying, analysing and addressing key risks in the EU banking sector**. The main focus will continue to be the maintenance and further development of the data infrastructure and risk analytics to ensure a stringent quality assurance process and assure full usage of the supervisory data. Risk tools will be used as part of regular risk assessment work to provide updated and forward-looking information on the vulnerabilities in European banking, as well as ensure market disclosure and public dissemination of data.

17. The EBA will also initiate and coordinate the 2016 EU-wide stress test, with the EBA again coordinating and providing relevant CAs with common scenarios, methodologies and benchmarking tools that they will use to ensure a smooth process and reliable results.

18. Under the CRD/CRR and the EBA regulation framework, the core annual activities will be:

Activity 20: Identifying and addressing risks and vulnerabilities	
Description	The EBA will continue the work of monitoring market trends and the main developments in the banking sector. The objective is to identify, in a forward-looking fashion, vulnerabilities and potential risks that may affect EU banks and identify possible policy actions for addressing them.
Expected results	A full suite of risk products maintained with strong interlinkages to college work and policy recommendations to the EBA's Board of Supervisors.
Main outputs	▪ EU-wide stress testing exercise. ▪ Risk assessments of the European banking system. ▪ Report on funding plans. ▪ Thematic studies (e.g. on asset encumbrance and funding plans, early warning systems, non-performing loans evolution, etc.). ▪ RCAPs and other technical assistance.
FTE	12

Activity 21: Consistency of RWAs	
Description	As part of broader work to address risks in models, the EBA will assist CAs in their assessment of the outcome of banks' internal models, as well as monitor any material differences in RWAs by the provision of EU-wide benchmarks.
Expected results	This analysis is part of the EBA's effort to restore confidence in internal models and, thus, complete the repair of the EU banking sector comprising supervisory consistency, benchmarks for supervisors and enhanced transparency. Significant mobilisation of data and skilled resources is required across the EU to provide CAs with effective information for selected banking book and trading book portfolios.
Main outputs	▪ 2016 benchmarking exercise and report on credit and market risk.
FTE	10

E. To maintain and develop the common supervisory reporting framework, as well as to strengthen its role as an EU data hub for the collection, use and dissemination of data on EU banks

19. The EBA will serve as a data transparency hub for banks in the entire EU. In addition, the EBA will be involved in developing new tools for both internal and external users for querying data, as well as for risk analysis. The memorandum of understanding on sharing Key Risk Indicators (KRIs) will continue to be a cornerstone, and will require continuous maintenance of the EBA's KRI database. Furthermore, the contributing sample will be expanded to incorporate the entry of new parties.

20. The EBA will keep working to develop and upgrade the data infrastructure to accommodate regulatory reporting data, as well as other information that enables the EBA to discharge its responsibilities. The core annual activities will be:

Activity 22: Risk infrastructure and tools	
Description	In 2014, the EBA began collecting on a quarterly/monthly basis a large volume of data from supervisory reporting based on a wide sample of banks (about 200 top banks from all the EEA countries). In order to complete this work, the EBA seeks to enhance and extend the entire database and the data quality assurance process, as well as enhance/upgrade all the risk products, including the risk dashboards and the statistical annexes to the risk report.
Expected results	High-quality data from an enlarged sample, significant quality checks, and use of such data in an extensive range of data visualisation tools. For the supervisory benchmarking exercise, the sample of banks is set to increase from 194 to around 600 institutions, subject to 1,600 XBRL Validation rules and 600 additional plausibility checks. To assist in data analysis, the following tools will be provided: 3 risk dashboards (Macro, Micro for colleges, and Micro for KRIs sharing), plus at least 8 Excel interactive tools and 4 XML Map tools for the stress test.
Main outputs	▪ Maintenance of ITS on supervisory reporting, including the Q&A process. ▪ Risk dashboards and other tools for internal and external data users. ▪ Training on data and analysis tools. ▪ Implementing the full list of validation rules and additional quality checks in SAS.
FTE	9

Activity 23: Transparency	
Description	Disseminate high-quality data at the aggregate and bank-by-bank levels for a wide range of stakeholders (investors, analysts, academics, the public at large), as well as improve the banks' own disclosures within and beyond Pillar 3.
Expected results	Enhanced market discipline via the EBA's annual transparency exercise, enhanced Pillar 3 and other areas as needed, notably asset quality and internal models.
Main outputs	▪ Disclosure of data. ▪ Guidelines on implementing the BCBS' proposals on disclosure in the EU. ▪ Monitoring and improving Pillar 3 disclosures.
FTE	2

F. To protect consumers and monitor financial innovation

21. In 2016, the EBA will continue to enhance the protection of consumers, and promote transparency, simplicity and fairness for consumer financial products and services across the Single Market. The core annual activities will be:

Activity 24: Protecting consumers	
Description	Following the adoption and publication of the Official Journal on 28 August 2014, the Payment Accounts Directive (PAD), and the publication of the EBA Guidelines in March 2015, the EBA will develop (by September 2016) a draft ITS regarding a standardised presentation format for a fee information document, the statement of fees, and their common symbols. This will include extensive consumer testing in the first half of 2016. The EBA will also develop a draft RTS on standardised terminology for payment account services. In addition, the EBA will support the transposition of the Mortgage Credit Directive (MCD) through the development and implementation of three Guidelines and a benchmark rate. The EBA will also develop requirements for the remuneration policies for staff interacting with consumers. The EBA will also redirect its focus from regulatory convergence towards supervisory convergence.
Expected results	The EBA will offer a better comparison for users of payment accounts across the EU, and a consistent level of protection of mortgage borrowers.
Main outputs	▪ RTS on standardised terminology for banking services under PAD. ▪ ITS on the standardised format of documents and symbols (including consumer testing) under PAD. ▪ ITS on the standardised format of fee statements and symbols under PAD. ▪ RTS and ITS on disclosure documents under PRIIPs Regulation (JC). ▪ Develop a consistent approach for supervising the EBA Guidelines on product oversight and governance arrangements. ▪ The EBA's benchmark rate in accordance with Annex II of the MCD (2014/17/EU). ▪ 2016 Joint Consumer Day. ▪ 2016 Consumer Trends Report. ▪ Guidelines on remuneration requirements for sales staff.
FTE	5

Activity 25: Monitoring innovation	
Description	The EBA will continue to monitor financial innovation and develop appropriate regulatory responses to ensure that all market participants can have confidence in the new innovation. This will entail assessments of the benefits, as well as the risks and risk drivers, of any particular innovation. By the nature of the mandate, the exact topics are difficult to predict in advance, but likely topics in 2016 will be crowdfunding, the commercial use of personal data by financial services firms, and potential follow-up work on virtual currencies.
Expected results	The EBA is to maintain and develop its ability to monitor financial innovation, and develop, where appropriate, due policy proposals.
Main outputs	▪ Output on the work on automation in financial advice (JC). ▪ Develop approaches for the monitoring of, and for intervention in, the market for structured deposits under MiFIR. ▪ Assess the extent of risks and consumer detriment arising from innovative types of payment, and decide which, if any, mitigating action to take to address the issues identified. ▪ Assess the risks and extent of consumer detriment arising from the commercial use of banking consumer data and decide which, if any, mitigating action to take to address the issues identified. ▪ Continue monitoring virtual currencies to assess whether any follow-up work is required with a

Activity 25: Monitoring innovation	
	view to promoting the safety and soundness of markets and convergence of regulatory practice. ▪ Continue monitoring crowdfunding to assess whether any follow-up work is required with a view to promoting the safety and soundness of markets and convergence of regulatory practice. ▪ Monitor the market for other innovative products or for the innovative use of existing ones.
FTE	3

G. To ensure secure, easy and efficient payment services across the EU

22. The EBA anticipates being mandated to deliver a number of legal instruments under the PSD2. At the time of writing, the PSD2 has not yet entered into force, but the following mandates—either as Guidelines or as draft technical standards—are presently foreseen to be delivered by 2016/2017. In addition, the EBA will complete its work on the implementation of the mandate conferred in accordance with the Interchange Fee Regulation (IFR). The core activity will be:

Activity 26: Payments	
Description	The PSD2 is expected to confer on the EBA a dozen RTS, ITS and Guidelines, all of which will have to be started by the EBA in 2016. The EBA will be required to deliver three of these mandates within 12 months of entry into force of the Directive, i.e. by the end of 2016. Furthermore, in close cooperation with the ECB, the EBA is required to develop an RTS under the IFR to ensure that payment card schemes and processing entities are independent from one another in terms of accounting, organisation and decision-making processes.
Expected results	The EBA is to develop technical standards and Guidelines as mandated under PSD2 and the EU IFR.
Main outputs	▪ Guidelines on the minimum monetary amount of professional indemnity insurance under PSD2. ▪ RTS on central contact points under PSD2. ▪ RTS on strong authentication and communication under PSD2. ▪ RTS on the separation of payment card schemes and processing entities under the IFR.
FTE	4

H. For the EBA to be a competent, responsible and professional organisation, with effective corporate governance and efficient processes

23. The EBA will continue to improve the effectiveness and efficiency of existing support and administrative processes across the organisation. It will continue to pursue successful cooperation with the other two ESAs with the aim of leveraging on potential economies of scale in support functions. The EBA will continue to be funded by the Commission and the National Competent Authorities (NCAs).

24. The core annual activities will be:

Activity 27: Policy analysis and coordination processes	
Description	The EBA will continue to: undertake independent impact assessments (IA) and perform QIS exercises; perform peer reviews of CAs; provide support to the Banking Stakeholder Group, the ESAs' JC and the ESAs' Board of Appeal; provide support to the main EBA governing bodies, the Board of Supervisors and the Management Board; provide support in the planning, prioritising, monitoring, execution and following up of deliverables stemming from the EBA's work programme; provide external coordination with EU institutions and external bodies, such as the BCBS and IMF; and facilitate training for EU banking supervisors.
Expected results	Evidence-based policymaking (as a result of performing IA) requires IA expertise in order to provide the EBA's IA, which accompanies the EBA's regulatory products and reflects the Commission's enhanced commitment to IA. Enhanced supervisory convergence from performing peer reviews, identifying and promulgating best supervisory practice, and issuing, where appropriate, due guidance and opinions. Facilitating more training for CAs' staff. Good corporate governance in the support of EBA's governing bodies. Enhanced stakeholder awareness and engagement in the EBA's activities, and enhanced consideration of stakeholders' views in the development of policy. Effective planning of the EBA's activities.
Main outputs	▪ Annual and multi-annual work programme. ▪ Performing IA as an accompaniment to the EBA's regulatory proposals, including producing half yearly CRD IV/CRR Basel II Monitoring Reports. ▪ Provision of external training to CAs. ▪ Peer review of the ITS on supervisory reporting. ▪ Support to the EBA's participation in the EU and international institutions/bodies. ▪ Development of internal policies/processes to support the EBA's activities.
FTE	14

Activity 28: Accounting, finance and procurement processes	
Description	In the area of accounting and finance, the EBA will focus on ongoing improvement in budget monitoring and execution, with improved efficiency. This will be complemented with improvements

Activity 28: Accounting, finance and procurement processes	
	in the activity-based budgeting system. In the area of procurement, the focus will be on close monitoring and timely delivery of all procurements as listed in the 2016 procurement plan[6], and other procurements arising in the year.
Expected results	To have more effective and efficient accounting, finance and procurement processes.
Main outputs	▪ 2017 budget established and acquired. ▪ 2018 budget established. ▪ 2016 annual budget executed. ▪ Improved activity-based budgeting models. ▪ Implementation of the 2016 procurement plan. ▪ Procurement plan for 2017. ▪ 2016 annual accounts.
FTE	12

Activity 29: HR processes	
Description	In the area of HR, the EBA will focus on ongoing efficiency in implementing the establishment plan and, where appropriate, the introduction of HR implementing rules in accordance with the new Staff Regulations of officials and the conditions of employment of other servants of the EU, further improvement of HR processes, and the introduction of HR policies in line with the Staff Regulations.
Expected results	To have more effective and efficient HR processes.
Main outputs	▪ Fulfilled establishment plan. ▪ HR implementing rules.
FTE	6

Activity 30: Communication processes	
Description	The focus will be the development and implementation of the new communication strategy, maintenance of the interactive Single Rulebook, the Q&As tool and enhancing the EBA's internal press monitoring and analysis tool.
Expected results	To have more effective and efficient communication processes.
Main outputs	▪ Implementation of the communication strategy.
FTE	4

Activity 31: Legal processes	
Description	The EBA will continue to provide legal analysis and support to the EBA's core functions on institutional, operational and banking and financial law issues. This includes analysis and support on draft regulatory products (technical standards, guidelines, recommendations and opinions), representing the EBA before the Board of Appeal and Court of Justice, ensuring that the EBA operates according to its founding regulation and within all other applicable EU and national laws, providing support for the EBA's dispute resolution role and increasing its capacity to carry out investigations of potential breaches of EU law.
Expected results	To have more effective and efficient legal processes, and increase the capacity to advise on resolution matters and identify and investigate potential breaches of EU law.

[6] Please refer to the 2016 procurement plan in Annex III.

Activity 31: Legal processes	
Main outputs	▪ Legal advice across the EBA's core functions. ▪ Representation of the EBA before the Board of Appeal and Court of Justice. ▪ Identification of potential breaches of EU law with investigations and recommendations where appropriate.
FTE	12

Activity 32: IT processes	
Description	The focus will be the implementation of the IT strategy to support the EBA's work programme. From a system perspective, it will include further enhancement of data collection, reporting and analysis platforms in relation to the CRD IV and the linked ITS, as well as enhancements of additional near real-time systems for notifications and sanctions, as defined in the EBA founding regulation. The key internal project will be the implementation of an electronic document management system.
Expected results	To further optimise the implemented IT solutions, to promote standardisation in Europe in terms of data exchange, data collection and regulatory reporting, and to optimise and standardise the IT processes for governance, programme and project management.
Main outputs	▪ Implementation of the EBA's IT strategy.
FTE	16

Activity 33: Internal control standards (ICS) processes	
Description	The focus will be to further develop and improve a series of internal measures to ensure that the EBA's activities are subject to control and to provide reasonable assurances to management of the achievement of the Authority's objectives.
Expected results	To have more effective and efficient ICS processes.
Main outputs	▪ Annual risk assessment exercise. ▪ Annual business continuity exercise.
FTE	2

Activity 34: Corporate service processes	
Description	The focus will be to continue to provide supporting services to the Authority's core functions, based on specialised knowledge and best practices, to serve internal stakeholders and business partners.
Expected results	To have more effective and efficient facilities, events and missions.
Main outputs	▪ Introduction of a correspondence management procedure within a document management system. ▪ Facilities management.
FTE	4

Annex I: Work programme activity template

Activity 35: [Activity name – template]	
Description	[Description of the objective]
Expected results	[Description of expected results]
Main outputs	▪ First output ▪ Second output ▪ ….
FTE	**[Number of FTE needed for the activity]**

Annex II: Summary of FTE per activity

The table below summarises the FTE per activity and details the type of resource: TA, CA or SNE. **The EBA needs a total of 150 TAs, 31 CAs and 31 SNEs** to undertake the 2016 activities (including the Senior Management and support) aligned with the resources requested by the EBA in the 2016-2018 multi-annual staff policy plan.

TOTAL EBA STAFF (FTEs)	*TA*	*CA*	*SNE*	*Total*
EBA (Chair, Executive Director, PAs)	**3**	**1**		**4**
Department of Regulation (Management and Support)	**3**	**2**		**5**
Activity 1: Capital	2			2
Activity 2: Internal governance, remuneration and anti-money laundering	4			4
Activity 3: Liquidity risk	2			2
Activity 4: Leverage ratio	2			2
Activity 5: Credit risk and credit risk modelling	8			8
Activity 6: Market risk	4			4
Activity 7: Market infrastructure and investment services	2			2
Activity 8: Securitisation and covered bonds	2		1	3
Activity 9: Analysis and operational risks	4.5	3	1	8.5
Activity 10: Structural reforms, shadow banking and large exposures	4			4
Activity 11: Accounting, audit and scope of consolidation	2			2
Activity 12: Q&As and other activities	3.5		2	5.5
Resolution Unit (Management and Support)	**1**			**1**
Activity 13: Resolution planning	4		1	5
Activity 14: Resolution colleges	3		1	4
Activity 15: BRRD, DGSD and non-bank resolution initiatives	3		1	4
Department of Oversight (Management and Support)	**3**	**1**		**4**
Activity 16: Recovery planning and early intervention	4			4
Activity 17: Supervisory convergence	5		1	6
Activity 18: Functioning of supervisory colleges	6	1	1	8
Activity 19: Third countries' equivalence assessment	2		2	4
Activity 20: Identifying and addressing risks and vulnerabilities	9		3	12
Activity 21: Consistency of RWAs	5	2	3	10
Activity 22: Risk infrastructure and tools	3	2	4	9
Activity 23: Transparency	1		1	2
Consumer Protection, Financial Innovation and Payments Unit (Management and Support)	**1**			**1**
Activity 24: Protecting consumers	2	1	2	5
Activity 25: Monitoring innovation	2		1	3
Activity 26: Payments	2		2	4

TOTAL EBA STAFF (FTEs)	*TA*	*CA*	*SNE*	*Total*
Support Activities				
Activity 27: Policy analysis and coordination processes	8	3	3	14
Activity 28: Accounting, finance and procurement processes	8	4		12
Activity 29: HR processes	2	4		6
Activity 30: Communication processes	3	1		4
Activity 31: Legal processes	11		1	12
Activity 32: IT processes	12	4		16
Activity 33: Internal control standards (ICS) processes	1	1		2
Activity 34: Corporate services processes	3	1		4
Total	**150**	**31**	**31**	**212**

Annex III: Procurement plan

These are the procurement procedures that the EBA plans to launch in 2016.

No.	Department	Title of Procurement	Description of Contract	Service/ Supply	Contract Start Date	Estimated Value in EUR	Contract Type	Procedure
1	Operations	Travel management services	Travel arrangement/management services for staff going on missions.	Service	Jun-2016	2,800,000	Framework contract	Open
2	Operations	Catering services and supplies	Catering services and supplies for the EBA meetings.	Service	May-2016	720,000	Framework contract	Open
3	Operations	Website services	Hosting and operation of the EBA external website.	Service	May-2016	280,000	Framework contract	Open
4	Operations	Acoustic panels	Supply and installation of acoustic panels for L45 kitchen and L46 breakout areas.	Supply	Oct-2016	90,000	Supply contract	Open
5	Operations	Artwork for meeting rooms and offices	Supply and installation of prints in the EBA meeting rooms and offices.	Supply	Jun-2016	60,000	Supply contract	Negotiated
6	Operations	Office plants/flowers	Supply of fresh flowers, office area plants and breakout-area pot plants.	Service	Apr-2016	15,000	Service contract	Negotiated
7	Oversight	Financial data and market information	Supply of financial data and market information on EU banks.	Service	Apr-2016	200,000	Service contract	Open
8	Operations	Cleaning services	Supply of cleaning services.	Service	Sep-2016	400,000	Service contract	Open
9	Operations	Proofreading services	Supply of proofreading services.	Service	Mar-2016	130,000	Framework contract	Expression of interest
10	Operations	Furniture	Supply of office furniture.	Supply	Jun-2016	60,000	Supply contract	Negotiated