

Minutes of the EBA BoS meeting 14 November 2012¹

14 November 2012, 9:30-17:00

Location: EBA, London

1. Andrea Enria chaired the meeting. He informed the BoS that Mr. Ioannis Gousios communicated that he was stepping down as member and thanked him for the contribution he has made to the EBA.

Agenda item 1: “Opening, welcome & approval of the agenda and minutes”

2. The Agenda and the draft minutes of the 25-26 September 2012 BoS Meeting were approved.
3. The Chairperson reminded the BoS of the following points:
 - regarding the ESRB work, it was noted that a report on bank funding would be presented at the December General Board meeting containing recommendations to the EBA on monitoring and transparency. There is an increasing pressure from the ESRB to work on harmonised definitions and reporting of asset quality and asset encumbrance. The EBA Chairperson requested the SCARA to start working as a matter of urgency on the definition and reporting of asset quality (i.e., NPLs) and, within the appropriate time frame, on forbearance and asset encumbrance;
 - on the risk dashboard: the latest risk dashboard was circulated to the BoS, and it will be further discussed at the December BoS meeting.

Conclusion

4. **The BoS agreed that a plan for further work on harmonisation of definitions and reporting on asset quality and encumbrance should be prepared, in liaison with SCARA.**

Agenda item 2: “Internal Governance”

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Please note that these minutes include information which the EBA cannot disclose under its Access to Documents regime due to (i) the public interest as regards the financial, monetary & economic policy of the EU; and (ii) its own, and the Council's, internal consultations and deliberations in order to safeguard their ability to carry out their tasks.

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5. The Board was invited to express its views if the level of harmonisation of the Guidelines on the assessment of the suitability of members of the management body and key functions holders is appropriate, if a review clause should be added or if the Guidelines should be reverted to SGIG for a review of the areas stated in the cover note to achieve a higher level of harmonisation.

Conclusion

6. **The BoS endorsed the publication of the Guidelines. The press release on the Guidelines should clarify that the level of convergence achieved is limited, due to differences in relevant national legal set-ups, and announce that the Guidelines will be reviewed on the basis of the final CRD IV text. In particular, in the context of the review renewed efforts will be made to further evaluate possible full recognition of the assessments performed by other competent authorities.**

Agenda item 3: “First set of draft RTS on Own Funds”

7. The staff presented to the BoS the proposals to accommodate the comments received in the public consultation on the draft RTS on own funds (Part One). The BoS was requested to provide input on the policy options proposed.

Conclusion

8. **The BoS fully supported the proposed policy options. These will be incorporated into the text of the draft standards. The final draft RTS and feedback table will be presented to BoS Members only when the final CRR text is formally approved. At that point, only additional changes necessary to accommodate amendments to the legislative text will be discussed.**

Agenda item 4: “Credit Valuation adjustments - draft RTS”

9. The staff presented the main changes to the BTS compared to the Consultation Paper which was published in July 2012. The final version of the draft RTS will be presented to the BoS once the final CRR is out, on the basis of the policy options agreed by the BoS. The BoS also discussed with the representative of the Commission some issues on the interpretation of the mandate contained in the draft CRR text.

Conclusion

10. **The BoS supported the proposed changes to the draft RTS. The final draft RTS and feedback table will be presented to the BoS Members only when the final CRR text is formally approved. At that point, only additional changes necessary to accommodate amendments to the legislative text will be discussed. BoS members welcomed the intervention from the Commission to amend level 1 text to the CRR Article 373. This was done to further clarify the application of Advanced CVA method and the scope of the RTS mandate and for the confirmation that implementation of the rating, industry and region criteria in the institution’s approved internal market risk models will not be a binding criteria for the determination of the proxy spread for counterparties.**

Agenda item 5: “Q&A process for CRR/CRD”

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11. As agreed at the BoS meeting of 25-26 September 2012, a revised note on the Q&A process for CRR/CRD4 was re-submitted to the BoS after having been discussed by SCRePol.

Conclusion

12. **The revised note on the Q&A process for CRR/CRD was approved by the BoS. Some editorial changes suggested by the BoS members will be incorporated into the final document. The Board also noted that national authorities should be invited to give context to why an institution has asked a question, in order to avoid forum shopping. The final version of the note on the Q&A process for CRR/CRD will be transformed into a formal Decision and circulated to the BoS members to be endorsed via written procedure.**

Agenda item 6: “EBA Opinion on Liikanen Report”

13. The draft Opinion on the Liikanen Report was presented to the BoS for decision. The document was welcomed by the Board, although a wide range of opinions were put forward by Members. Some specific amendments were requested, but the BoS also suggested taking a more ambitious approach to convey a supervisory view on the key proposal of the report to segregate capital market activities in a separate legal vehicle. The need for a thorough impact assessment was pointed out by several members.

Conclusion

14. **Comments suggested by the BoS members will be taken on board. A revised version of the document will be re-submitted at the BoS December 2012 meeting.**

Agenda item 7: “Liquidity and Leverage Ratio”

a) Feedback on the public consultation on draft ITS on liquidity risk reporting (CP 05), including amended templates

15. The Board was asked to endorse the changes to the draft ITS on liquidity reporting, following the public consultation.

Conclusion

16. **Members endorsed the new text for the draft ITS on liquidity reporting, subject to a minor editorial changes that will be accommodated. The final approval process will therefore focus only on possible additional adjustments needed to accommodate changes to the legislative text. The BoS agreed on the publication of a feedback statement and templates without an ITS towards the end of the year in case no agreement is reached on the CRR until then.**

b) Proposal for interim solution for liquidity and leverage ratio reporting

17. The BoS members were invited to express their views on the suggested interim solution for liquidity and leverage ratio reporting.

Conclusion

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18. **The BoS approved by simple majority the proposal to continue the monitoring exercise on the basis of an amended version of the voluntary exercise monitoring templates, combined with some elements of the draft ITS. Therefore, the Basel Committee's template will be maintained with adjustments to incorporate EU specific aspects. National competent authorities will verify whether the sample is sufficiently representative and propose extensions of the sample where needed.**
 - c) **Feedback on the public consultation on draft ITS on leverage ratio reporting (CP06), including amended templates.**
 19. The Board was asked to endorse the changes to the draft ITS on leverage ratio reporting, following the public consultation.

Conclusion

20. **The BoS endorsed the new text for the draft ITS on leverage ratio reporting with feedback statement, updated draft templates and instructions. The final approval process will therefore focus only on possible additional adjustments needed to accommodate changes to the legislative text. The BoS agreed on the publication of a feedback statement and templates without an ITS towards the end of the year in case no agreement is reached on the CRR until then.**

Agenda item 8: "Consistent approach towards the calculation of transitional floors"

21. The BoS members exchanged views on the calculation of transitional floors and expressed support for a common and harmonized approach.

Conclusion

22. **A draft letter to be sent to the European Commission, Parliament and to the Council Presidency on the need for consistent floors will be circulated to the BoS for approval by 19 November 2012. This letter should underline that the draft legislative proposal on transitional floors does not allow achieving the necessary harmonisation and suggest that the legislative text include a mandate for the EBA to draft a technical standard defining a methodological approach.**

Agenda item 9: "Preparation of 2013 EU-wide Stress Test"

23. The paper on the preparation of 2013 EU –wide Stress Test was presented to the BoS. The BoS welcomed the paper and agreed to move from a pass-fail test to a supervisory one, although some criteria will have to be identified to guide possible supervisory action in light of the results of the test. The Board also considered the options on the following points: a) regulatory framework to be used, b) the assumption on banks' balance sheet and the reference date and c) the time horizon of the exercise.

Agenda item 10: "Review Panel-Terms of Reference of the Review of the EBA Guidelines on Stress Testing"

24. The Review Panel Chair presented the draft Terms of Reference of the Review of EBA Guidelines on Stress Testing. He advised that the Review Panel is shortly to issue a Self-Assessment Questionnaire to National Competent Authorities on the EBA Stress Testing

Guidelines, and that support to the Review Panel is needed in assessing responses and in conducting the Review Panel in due time.

Conclusion

25. **The BoS approved the Terms of Reference of the Review of EBA Guidelines on Stress Testing.**

Agenda item 11: “Filling of a vacancy on the Banking Stakeholder Group”

26. The EBA Chairperson advised that the current vacancy on the BSG needs to be filled with an industry representative in accordance with the EBA Regulation. Furthermore, it was suggested that the replacement should come from a savings bank. After careful analysis of the applications received when setting up the BSG in early 2011, two possible candidates were identified.

Conclusion

27. **The BoS approved the appointment of Mr Chris De Noose from the European Savings Banks Group.**

Agenda item 12: “EBA 2013 Annual Training Programme”

28. The paper was circulated for information. It provides a draft list of training events for 2012.

Conclusion

29. **The BoS took note.**

Agenda item 13: “Update on IT Strategy”

30. Item postponed. To be discussed at the December 2012 BoS meeting.

Agenda item 14: “AoB”

31. The Polish Member suggested organising a reporting seminar for supervisors.

**Participants at the Board of Supervisors meeting
14 November 2012**

Chairperson	Andrea Enria	
Country	Voting members or Alternate	Representative NCB
Austria	Helmut Ettl	Andreas Ittner/Ingeborg Stuhlbacher
Belgium	Mathias Dewatripont/Rudi Bonte	
Bulgaria	Nelly Kordovska	
Cyprus	Argyro Procopiou	
Czech Republic	Zuzana Silberova	Ivan Zahradka
Denmark	Ulrik Nodgaard Ulrik Logtholdt Poulsen	
Estonia	Andres Kurgpold	Timo Kosenko
Finland	Jukka Vesala	
France	Frederic Visnovsky	
Germany		Erich Loeper/Markus Lixfeld/Ludger Hanenberg

Greece	Kyriaki Flesiopoulou		
Hungary	Károly Szász/Laszlo Seregdi		
Ireland	Matthew Elderfield/Mary Burke		
Italy	Roberto Rinaldi	Maurizio Trapanese	
Latvia	Kristaps Zakulis		
Lithuania	Vytautas Valvonis		
Luxembourg	Claude Simon		Norbert Goffinet
Malta	Karol Gabaretta		Alexander Borg
Netherlands	Jan Sijbrand	Anthony Kruizinga	
Poland	Andrzej Reich		Izabella Szaniawska/Maciej Brzozowski
Portugal	Pedro Duarte Neves		
Romania			
Slovakia	Tatiana Dubinova		
Slovenia	Matej Krumberger		
Spain	Fernando Vargas		
Sweden	Uldis Cerps		
UK	Andrew Bailey	Fiona Mann/Venetia Wingfield	
<u>Country</u>	<u>Observers</u>		

Norway Per Jostein Brekke/Sindre Weme

Iceland Luovik Porgeirsson

Lichtenstein

Croatia Damir Odak

Institutions

Representatives

European Commission Dominique Thienpont

European Central Bank Fatimas Pires

ESRB Francesco Mazzaferro Antonio Sanchez

EIOPA Daniela Rode

ESMA Stephan Karas

Others

Executive Director Adam Farkas

Director Regulation Isabelle Vaillant

Director Operations Peter Mihalik

EBA Staff – Corinne Kaufman
Policy Analysis & Coordination

EBA Staff - Legal Joseph Mifsud

EBA Staff - Legal Patricia Juanes Burgos