



EBA MB 2014 039

EBA Staff

22 January 2014

Location: London

Management Board Meeting – Minutes

Agenda item 1: “Opening and approval of the Minutes and Agenda”

1. The Agenda, and the minutes of the meeting of 20 November 2013 were approved.

Agenda item 2: “Role and Implication for the EBA given the adoption of the BRRD and the SRM”

2. The Chairperson referred to the new tasks and responsibilities envisaged to be assigned to the EBA by the BRRD. He stated that the BRRD would enter into force on 1 January 2015. For this reason, the timing of the implementation of the BRRD would be challenging considering the number, complexity and political sensitivity of the EBA’s Guidelines and Technical Standards, and the mandate to setting up a Resolution Committee.
3. As far as the setting-up of the Resolution Committee is concerned, the Chairperson noted that it will be challenging to design and incorporating it into the EBA’s governance since the set-up required by the BRRD is not without contradictions in itself. On the one hand, this Committee should assist the BoS, as an internal committee preparing decisions of the BoS. On the other hand, this Committee should have a major role in the area of resolution and other structures of the EBA.
4. The Head of Recovery and Resolution Unit suggested prioritising certain areas with respect to the BRRD regulatory deliverables and putting forward which of them should be given less priority.
5. MB members generally supported the proposed prioritisation and agreed on the need to formally communicate EBA’s re-prioritisation of the BRRD deliverables to the EU Commission. One MB member noted the significant technical and political constraints to meet the deadlines to deliver on time.

Conclusion

6. It was decided to communicate to the EU Commission the EBA proposed prioritization on the BRRD deliverables and possible delays in meeting the suggested deadlines; the Work
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Programme 2014 should be updated in light of the BRRD deliverables and communicated externally.

Home Host and Colleges. Interplay with the Single Resolution Mechanism (SRM)

7. The Chairperson noted that the Single Resolution Mechanism also assigns a specific role to the EBA, such as benchmarking.
8. One MB member stated that the tasks given to the EBA fit well with the EBA's existing work and expertise, i.e., such as the work already done by the EBA in colleges. Another MB member suggested that the work performed by the EBA should not be detached from resolution and colleges already working on this area; therefore, they should continue with this work focusing on the resolution colleges' role and benchmarking role.

Establishment of the Resolution Committee (ResCo)

9. The Head of the Recovery and Resolution Unit presented the different options for the set-up of the Resolution Committee (option 1: ResCo established between the BoS and the existing Standing Committees and Sub-Groups; option 2 : ResCo established as a separate committee on the same level of hierarchy as existing Standing Committees and final decisions made by the BoS ; and option 3 : ResCo delegated by the BoS to take «quasi-final» decisions on any topic concerning resolution. The views from the MB members were sought on these options.
10. Some MB members supported option 2 and some other options 3; one MB member stressed the need of a structure that allows straightforward decision making and added that resolution should be clearly distinguished from supervision as regards the decisions to adopt certain actions. Another MB member stated that the EBA should be involved in the preparatory phase (including mediation), but not in the actual resolution. Some MB members agreed on the need to make this structure operational as soon as possible and be flexible during the transitional period.

Conclusion

11. The Chairperson concluded that further thinking should be devoted to option 2 and 3 and other possible variants; it was agreed that the EBA staff should assess all the tasks/decisions where possible conflicts of interest could arise between supervisory and resolution authorities and to reassess option 2 and 3, noting that MB considered option 1 as not viable. The ResCo should be further discussed by the MB in order to submit a final option at the June or September BoS meeting.

Agenda item 3: “Calls for Advice from the EU Commission in view of the preparation of reports and implementing acts: re-prioritising EBA streams of work”



12. The Chairperson noted that ten days ago the EBA received from the EU Commission a number of calls for advice to provide input to reports and implementing acts that the EU Commission was due to deliver in 2014.
13. The Director of Regulations noted that while the EBA is very keen on supporting the full Level 2 layer of the Single Rule book. However, contributing to the reports and implementing acts of EU Commission on top of the delivery of its own Technical Standards is hindered by lack of planning, budget and resources. Therefore, the EBA would need to prioritise its potential contributions.
14. She suggested that the EBA fulfils the calls which produce synergies with existing (and planned) mandates of the EBA, or have important prudential supervisory impact. On the contrary, no further contributions could be envisaged in 2014 on long term financing except some work on SMEs, on LTRO use and benefits as central bank data would not even be available, and on third country equivalence or LE.
15. The Commission Representative expressed understanding for the difficulties that EBA is facing in terms of resources. He however highlighted that it would not be conceivable that some reports or implementing acts would be adopted without any input from EBA, and invited MB members and EBA Staff to adopt a pragmatic approach allowing EBA to provide at least some response on each CfA (focusing for example on views rather than data, where possible). The views of the MB about the suggested priorities were requested.
16. Some MB members expressed their concern on the sheer breadth of the requests and the burden that these calls for advice would imply to the EBA with limited and fixed resources.
17. The Chairperson suggested that on equivalence, if possible, some home or host authorities could bring their experience and work in this regard. MB members supported this proposal although it was not certain that this delegation to National Supervisory authorities would be feasible.

Conclusion

18. The MB agreed to draft a reply to the EU Commission on these calls for advice. At the next SCRePol meeting, it should be discussed what are the key equivalent requirements and if in these areas an allocation of tasks/delegation to National supervisory authorities would be feasible.

Agenda item 4: “EBA Capital recommendation and potential waivers-update on the process for agreement on waivers from the EBA’s capital recommendation”



19. An update on the EBA Capital recommendation and potential waivers was provided by the chairperson and by the Head of the Risk Analysis Unit. This update was based on the information received by 10 February 2014.

20. The Head of Risk Analysis Unit stated that the EBA was currently contacting the relevant national competent authorities in order to request the pending information.

Conclusion

21. MB members commented on the report and took note of the verbal update on the EBA Capital recommendation and potential waivers.

Agenda item 5: “Creation of Task Force on virtual currencies”

22. The Head of the Consumer Protection Unit presented the proposal for the creation of a task force on virtual currencies.

23. The approval from the MB members was requested regarding the creation of a Task Force on virtual currencies.

24. One MB member suggested to identify the risks related to this virtual currencies and to inform the responsible national competent authorities given EBA’s resource constraints.

25. There was general support to the creation of the task force on virtual currencies.

Conclusion

26. The MB approved the creation of the taskforce, but suggested that IT skills ought to be added to the expertise sought, and that EBA and NCA resources should be used efficiently.

Agenda item 6: “Proposed change of approval process for XBRL reporting formats”

27. The Executive Director introduced this topic. He underlined that the EBA is aware of the timelines for reporting and is putting pressure on institutions to have the reporting systems in place. He added that the related ITS and DPM specifying the reporting requirements were approved by the Board of Supervisors in December 2013.

28. The MB members were requested to agree to delegate authority to approve the XBRL data format specifications to the IT Sounding Board XBRL Subgroup, where the content of the related ITS and DPM was already approved by the BoS.

29. One MB member disagreed with such a proposal, although it is a very technical issue it could potentially have a significant impact at a budgetary level.



30. The majority of the MB members supported the proposed delegation, taking into account that this is a very technical complex issue and the BoS does not have sufficient technical expertise in this regard and it anyway relies on the advice of the technical experts that are reviewing the taxonomy in XBRL Subgroup.

Conclusion

31. There was general support from MB members to the EBA's proposal to delegate authority to the IT Sounding Board XBRL Subgroup to approve the XBRL data format specifications, which will ensure speedier adoption. The Chairperson concluded that due to the concerns raised by one MB member, some safeguards could be put in place on how to escalate a decision to a higher level, if needed.

Agenda item 7: "IT project update on data collection"

32. The Head of Operations provided the MB with a short update on the data collection IT project. The Executive Director and the Head of Operations expressed their concerns about the tight timelines. Nevertheless, the EBA will try its best so that the platform is delivered on time. The IT project will require a testing with all National Supervisory authorities. The Executive Director stated that the EBA was facing some delays with this IT project due to the delays related to the legislative process.

33. The MB was asked to note the challenges of this project and to approve the scoping phase aspects that can be used also in the implementation phase prior to the formal approval of the project charter.

Conclusion

34. It was agreed to provide the MB with regular updates and to be informed of any problem to be envisaged. The scoping phase aspects of the IT project on data collection were approved. The Project Charter will be presented to the MB for formal approval.

Agenda item 8: "2014 EU wide stress test-update from high level meeting and discussion on disclosure and communications"

35. The MB was updated on the outcome of the high level meeting, as also reflected in the draft EBA communication distributed to the MB, and invited to: a) discuss the treatment of CoCos, b) to provide views on the ideal timing for the communication of the core elements of the EU-wide stress test as well as of the results and coordination with SSM and c) to discuss common supervisory measures, if any^[1]. ECB was also invited for this agenda item.

^[1] The representative from the ECB joined the conference call



36. The ECB agreed with the content and timing of the EBA's communication subject to some minor amendments already sent to the EBA. The ECB expressed its concern on the timeline and definition of a common scenario and required a slight delay to the proposed timeline.

37. MB members generally supported the outcome of the high level meeting and the text of communication. However, some members expressed concerns on stricter national tests that can reduce the credibility of the EU wide common framework. On convertibles, the MB supported their inclusion as memo item as per the proposal in the communication. Some members proposed to calculate the shortfall after the conversion of the convertibles, but no consensus was found. Some members also requested additional information on the functioning of the home-host protocol and on the treatment of the subsidiaries.

Conclusion

38. There was a broad support to the EBA staff proposal. On the methodology, it was agreed to have consistent methodology and including if possible any National Supervisory Authorities national add-on-s for national sensitivities. On the treatment of CoCos, the MB agreed on the EBA staff proposal. On communication, staggered communication, the EBA will launch its press release before the ECB; however, the ECB would share its proposal press release with the EBA by 29 January 2014. The threshold should be maintained to 5.5%. EBA staff required to clarify some open issues before submission of the communication to the BoS.

Agenda item 9: "Draft BoS Agenda"

39. The draft BoS agenda was presented to the MB for comments and approval.

40. The Chairperson informed the MB that from now on the BoS should receive the BoS draft agenda one week after the MB meeting.

Conclusion

41. MB members approved the draft BoS agenda subject to some minor amendments.

Agenda item 10: "Administrative and Operational Report"

42. The Director of Operations provided to provide a summary overview of the main activities of the EBA's operations in 2013.

Conclusion

43. The MB took note of the Administrative and Operational Report and approved the 2014 Procurement Plan and the carry-over request of €60,000 to 2014.



Agenda item 11: “Outcome of the selection of the EBA premises”

44. The Executive Director provided an oral update of the selection of the EBA premises. He noted that the EBA had started a complete new selection procedure. The EBA launched a project with the objective of selecting and securing office space under a long term contract. The process was assisted by a property advisor which was selected via an open tender in 2011. An Evaluation Committee was set up and the "selection and award" criteria approved by the Management Board in 2013.

45. A short listing process based on the selection criteria was completed; the Evaluation Committee assessed this list of buildings according to the award criteria. Three buildings were finally selected. The property advisor was mandated to have heads of terms negotiations with the landlords of the three selected buildings to arrive to final terms.

46. The Executive Director stated that the MB would receive in the coming days a proposal for the EBA's Long Term Office Solution for approval. Then, the EBA would submit a notification of long term office solution to the European Parliament and the Council pursuant to Article (203)5 of the Financial Regulation.

Conclusion

47. A written procedure would be launched for the endorsement of the EBA's Long Term Office Solution. A notification of the long term office solution to the European Parliament and the Council would follow.

Agenda item 12: “2015 Preliminary Draft Budget”

48. The Head of Operations presented the 2015 Preliminary Draft Budget. The Executive Director explained that the preliminary draft budget would be submitted to the BoS in February for its approval. According to the EU Financial Regulation, this draft budget needs to be sent to the DG Market (EU Commission) by 31 January 2014 to be revised; then, it will be submitted to the European Parliament and Council.

Conclusion

49. Since there was not a quorum of Members according to the EBA Management Board Rules of Procedure, the 2015 preliminary draft budget would be submitted for approval by written procedure. Afterwards, a BoS written procedure would be launched for the final approval of the 2015 Preliminary Draft Budget.

Agenda item 12: “2015 Preliminary Draft Budget”, Agenda item 13: “New Staff Regulations effective from 1 January 2014-GIPs to the new SR to be applied by analogy with effect from 1 January 2104”, Agenda item 14: “Multiannual Staff Policy Plan 2015-2017” and



Agenda item 15: “Revised Nursery contribution Annual Threshold” and “Amendment of the implementing rules on the EBA Education and Nursery contributions”

50. The above mentioned agenda items would be approved by written procedure due to the lack of a quorum according to the EBA Management Board Rules of Procedure.

Agenda item 16: “Request for appraisers of the EBA Chairperson and Executive Director”

51. The Chairperson explained that the Chairperson and Executive Director were subject to a 2013 Performance Appraisal, as all other Staff under Temporary Agent Contracts at EU bodies and institutions, in accordance with Article 43 of the Staff Regulations. This Performance Appraisal covers the period from 1 January 2013 until 31 December 2013.

52. The Executive Director added that two Members of the MB were required to conduct the Chairperson’s appraisal, whilst the Chairperson and one other Member of the MB were to conduct the ED’s appraisal.

53. One MB Member kindly put forward his name. Therefore, two other Management Board Members were required. For this purpose, an email would be circulated to the MB asking MB Members to kindly indicate their willingness to act as Reporting Officers to conduct Chairperson’s and Executive Director’s Performance Appraisal.

Conclusion

54. It was agreed to circulate an email to the MB asking for volunteers to act as Reporting Officers to conduct Chairperson’s and Executive Director’s Performance Appraisal.

Agenda item 17: “AoB”

- **Work Programme Enhancement Project-Exec Summary:** The Executive Director updated the MB on the new project management tool for managing the Work Programme. There would be a demonstration at the next MB on how this system works. The MB took note.

Andrea Enria

Chairperson

