



EBA MB 2014 051rev2

EBA Staff

09 April 2014

Location: London

PUBLIC

Management Board – Final Minutes

1. The Chairperson opened the Management Board (MB) meeting and welcomed all MB Members.

Agenda item 1: Opening and approval of agenda and minutes

2. The agenda was approved. The minutes of the MB meetings of 22 January 2014 and 25 February 2014 were approved.

Agenda item 2: Administrative and Operational Status Report

3. An administrative and operational status report, covering the period since the last MB meeting of 22 January to present, was presented to MB Members. The report provided an overview of supporting activities of the EBA performed to date, inter alia, a) finance (overall execution of budget to date and of 2013 budget carried forward to 2014); procurement (new contracts launched); b) human resources (number of staff employed by the EBA according to the establishment plan; vacancy notices published); c) training; d) press and communication activities; and, e) IT matters (e.g. planned implementation of phases 1 and 2 of the European Supervisory Platform (ESP); “Platform for Colleges” which is now migrating to the EBA’s own environment).
 4. The Chairperson expressed concerns about current staffing constraints, explaining that at the moment the EBA was dependent on staff from the competent authorities (CAs) for the SNE positions. In this context, some recruitment difficulties were being faced in the light of the establishment of the Single Supervisory Mechanism (SSM).
 5. The possibility of including in the status report the work performed by the EBA staff in international committees was raised by a MB Member. Another MB Member emphasized the need for attention for IT security in EBA’s IT projects.
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Conclusion

6. MB Members took note of the Administrative and Operation Status Report, and agreed that the work done by the EBA in international committees would be tabled at the next MB meeting. Moreover, specific attention will be paid to IT security in EBA's IT project.

Agenda item 3: Financing Decision on Title 3 of 2014 Budget

7. A proposal of financing decision on Title 3 of the 2014 Budget, providing the link between the work programme 2014 and the approved budget, was presented to MB Members.

Conclusion

8. The financing decision on Title 3 of the 2014 Budget was approved.

Agenda item 4: Strategy on Stress Testing in light of industry engagement

9. The Chairperson presented a strategy paper on the 2014 EU-wide stress testing exercise. Representatives of the European Central Bank (ECB)/Single Supervisory Mechanism (SSM) were invited to join for this agenda item via telephone. The paper focused on (i) the results of the discussions on templates and methodology held with industry, with comments largely focusing on credit risk; and (ii) communications issues, in particular the coordination and sequencing of the presentation of the results of the EU-wide stress test, Asset Quality Reviews (AQR) and additional stress tests conducted by competent authorities.

Conclusion

10. The timeline was agreed. A note on communication would be tabled for discussion at the May BoS meeting, which would include a proposal for precise timing for publication, taking into account that there should be a lapse of time between the EBA EU-wide stress tests results and those for the national variants. It would include a reflection on the possibility of harmonising the disclosure templates for banks not in the EBA sample by Member States.

Agenda item 5: COREP/FINREP Reporting Roadmap

11. The Chairperson explained that, due to the recent changes to the draft implementing technical standards' (ITS) package on regular data submission (based on Articles 99, 101(4)(a), 394(1), 415(3) and 430 CRR), the first submission of data from firms to CAs should take place by 30 June 2014 at the latest.
12. A strategy to minimise risks in the submission of data and to speed up the development of reporting-related products was presented to MB Members. It would consist of a steady-state "release strategy" according to which the number of releases per year would be limited to

two, i.e. a minor release covering technical amendments to reporting requirements e.g. issues stemming from Q&A; and a major one covering new regulatory requirements. Their implementation would be 6 and 12 months, respectively. On the other side, a “patch release” would aim to disable incorrect validation rules, and would include regular releases of patches several weeks in advance of data submission to the EBA, the first one taking place already in April.

13.MB Members expressed their concern with the magnitude of errors identified in validation rules and their impact on operational risk, and so requested immediate action alongside with the strategy presented. The Chairperson thus suggested a streamlined Q&A solution involving EBA staff and staff from CAs which would propose quick yet workable solutions to questions raised. The ES and UK MB Members offered to allocate resources for this.

14.The EC representative observed that a pragmatic solution would need to be found for the short term and supported the idea of immediate action from EBA, but stated that a more permanent solution would need to be developed to maintain correspondence between ITS in force and EBA solution. In that respect, he mentioned that the European Parliament had already voiced some concerns with the scope and complexity of technical standards generally, and he suggested to rethink whether the current approach of the ITS on reporting (with all its annexes) provided the right answer to all the issues at hand. A proposal to streamline the ITS package on reporting by taking out Annex XV (validation rules) and possibly Annex XIV (Data point categorisation) could be achieved as an amendment to the ITS package in the context of the adoption of the ITS on asset encumbrance. This would allow the EBA to publish amendments to validation rules and data point definitions in its website without the need of a formal endorsement by the Commission and thereby providing the flexibility needed.

Conclusion

15.A potential proposal to remove Annex XIV and Annex XV from the ITS via amendments to the ITS on asset encumbrance would be assessed by EBA staff and submitted for approval to BoS via written procedure, for subsequent transmission to the Commission. The establishment of a streamlined Q&A solution with staff from both the EBA and CAs as well as the publication of lists of incorrect validation rules on EBA website was agreed. Finally, as a response to the delayed remittance dates in the ITS, it was agreed to submit for approval to BoS via written procedure a proposal to delay the due date for the submission of data to the EBA to end July.

Agenda item 6: Further discussion on the Resolution Committee

16.The Chairperson recalled that at the MB meeting of 22 January 2014, it was agreed that the EBA staff would reassess two of three different options presented for the setting up of the Resolution Committee (ResCo) under the Bank Recovery and Resolution Directive (BRRD).

Conclusion

17.MB Members asked the EBA to reflect further on the setting of ResCo. The option of ResCo being established as a separate committee dealing with all matters relating to resolution, while final decisions would be adopted by the BoS seemed the most supported. It should be further explored whether for cases of mediation and BUL particular delegations should be granted to the ResCo. Further discussions will continue at the June BoS meeting with a view to taking a decision at the September BoS meeting to enable ResCo be established by 1 January 2015.

Agenda item 7: EBA's mandates under EC's proposal on structural reform

18.The Chairperson explained that the Commission's proposal for a regulation on structural measures improving the resilience of EU credit institutions, published on 29 January 2014, envisaged certain mandates to the EBA, inter alia, an RTS providing for the methodology for competent authorities to assess the need of additional separation based on the analysis of the "core" part of a credit institution in a group with respect to its trading activity; other RTS and ITS and some reports would also need to be prepared by the EBA. The EBA would also become the recipient of, and would have to publish, several notifications; finally, the EBA would be mandated to establish cooperation arrangements with relevant CAs in third countries.

19.The EC representative stated that the EC would indeed welcome the EBA's views, in particular on how definition of mandates for EBA could be further improved to ensure that the EBA could usefully meet the right expectations.

Conclusion

20.It was agreed that the EBA Staff should continue reflecting on EBA' role under these proposals. Should the Council Working Group start with its preliminary work in May, this matter could be taken forward to the BoS after the summer for further consideration.

Agenda item 8: Filling of vacancies for the Banking Stakeholder Group

21.The Chairperson explained that there were three vacancies in the membership of the Banking Stakeholder Group (BSG), following the departure of three representatives from the 'credit and investment institutions' category. The proposal tabled by the Chairperson took into account several recommendations on the representativeness, geographical and gender balance to be achieved in the BSG, in general, and for this category in particular.

Conclusion

22. The proposal was approved. It was agreed that if any of the proposed candidates were no longer interested or available, the agreed reserved list of candidates would be proposed. The MB's proposed candidates would be presented to the BoS for approval by written procedure.

Agenda item 9: BoS Away Day 10-11 July 2014

23. The Chairperson asked MB Members for topics to discuss at the BoS Away Day, to be kindly hosted by the Polish Financial Supervisory Authority in Krakow, Poland on 10-11 July. Some topics suggested were: role of the EBA in international committees; interaction of macroprudential policy with microprudential supervision; EBA's role in resolution framework; EBA's strategy in view of the EU institutions' strategy on supporting growth.

24. Other topics: overall strategy of the cumulative banking reforms, their impact on business models and future profitability; practical issues of resolution and how to keep afloat critical functions; SIFIs and leverage ratio; simplicity vs complexity of prudential regulation.

Conclusion

25. A proposal with topics and suggested speakers would be sent to MB Members for approval by written procedure.

Agenda item 10: BoS Provisional Agenda

26. The Chairperson presented a draft provisional agenda for the May BoS meeting. He reminded that in the morning of 13 May there will be a joint session with the BSG.

Conclusion

27. The provisional agenda was adopted with some amendments. It was agreed that non-controversial topics could be dealt with via written procedure. The provisional agenda would be sent to BoS for information within one week of the MB meeting.

Agenda item 11: Oral update on the EBA premises

28. The Executive Director presented the state-of-play of the proposal to move the EBA to One Canada Square, floors 45-46. He explained that the Council and the European Parliament had approved the proposal. The EBA would shortly sign a twelve-year lease contract with the possibility to break the lease in year six. The move to the new premises would not have any extraordinary budgetary impact in the first few years. He also explained that the negotiations on the fit-out plan had started and that the move was due to happen in early December 2014.

Conclusion

29. Further information on the new EBA premises would be presented at the May BoS meeting.

Agenda item 12: Oral update on the EBA comments on the Special Report by the European Court of Auditors “European Banking Supervision taking shape: EBA and its changing context”

30. The Chairperson referred to the Court of Auditor’s (CoA) report on how the EBA performed during the financial crisis. It was expected that the CoA would adopt the report in the coming weeks (post-MB meeting: 8 May confirmed). Further, the report would be published in all EU official languages around June although the English language version may be published earlier.

Conclusion

31. The report would be circulated to the BoS for information as soon as adopted by the CoA. The EBA would prepare a communications plan in the light of its publication.

Agenda item 13: AoB

Terms of Reference for the ESCB-EBA Joint Task Force on consolidated banking data

32. The Chairperson explained that the Terms of Reference (ToR) of the ESCB-EBA Joint Task Force covered consolidated banking data (CBD) collected at present by the ECB. The ITS on supervisory reporting would come into force in June 2014 and thus it appeared necessary to review and update the CBD dataset which currently is based on CEBS Guidelines on FINREP and COREP. The Joint TF would also be mandated to take stock on quality issues and user needs as well as to review the transmission, dissemination and analysis framework. The Joint TF would report to SCOP by October 2014.

Conclusion

33. MB Members approved the ToR submitted.

[SIGNED]

Andrea Enria

Chairperson

Participants at the Management Board meeting

09 April 2014

Chairperson

Andrea Enria

Country

Member /Alternate

Germany

Peter Lutz

Italy

Luigi Federico Signorini

Netherlands

Anthony C. Kruizinga

Poland

Andrzej Reich

Spain

Fernando Vargas Bahamonde

United Kingdom

Katharine Braddick

Institution

Representative

European Commission

Dominique Thienpont

ECB/SSM

Jukka Vesala; John Fell (*for agenda item 4*)

EBA Staff

Executive Director

Adam Farkas

Director of Regulation

Isabelle Vaillant

Director of Operations

Peter Mihalik

Director of Oversight

Piers Haben

Mario Quagliariello; Stefano Capiello; Wolfgang Strohbach; Carlos Martins; Meri Rimmanen; Corinne Kaufman; Santiago Barón Escámez