

Minutes of the EBA MB meeting 9 April 2013

9 April 2013, 9:30-14:00

Location: EBA, London

Agenda item 1: "Opening & approval of the agenda and minutes"

1. The Agenda, the minutes of the meeting of 6 February 2013 and the minutes of the meeting of 18 March 2013 were approved.

Agenda item 2: "ESFS Review"

2. In preparation of the May meeting of the BoS, MB's view was requested on the impact of the changes to the EBA Regulation in light of the political agreement on the Single Supervisory Mechanism (SSM). A discussion was also held on what future changes the EBA should be seeking in the EBA's Regulation and whether the role of other bodies/regulations might be amended to enhance the EBA's effectiveness. These views could form an EBA Opinion to be submitted to the EU Institutions as part of the review of the ESFS.
3. Under this agenda item, the MB was updated on the situation in Cyprus by the Chairperson.

Conclusion

4. The MB supported the paper presented by the EBA Staff subject to some adjustments, in particular:
 - concerning the changes to EBA's role regarding Stress Tests: the MB agreed that a document should be prepared by the Oversight Team which spells out the processes and criteria for the BoS to consider at least annually whether to perform a stress test. This would entail a specific item on the EBA work plan and the agenda for the BoS (in September each year) where the stress test would be discussed. A paper will be prepared by June.
 - as regards the changes to the EBA's college role the MB agreed that the EBA would need to consider changing its approach to colleges to take account of the strengthened role in the Regulation. To that end, specific processes should be set out for determining when, and how, a college meeting would be convened by the EBA, along with other tools to better assess and promote effective college functioning. A paper will be drafted by the June MB.

-in relation to Consumer Protection, the majority of the MB members stressed the need for EBA to better identify its strategic priorities, and envisaged work to be performed by the EBA in this field.

-concerning the BoS' contribution to the ESRB Review, the MB suggested that the EBA staff prepare a possible EBA BoS position to the Questions within the envisaged EC public questionnaire on the review. The MB also discussed the need to include some inputs regarding the "boundary issues" with other EU bodies/regulations, such as the interaction between the EBA and the ESRB, as well as to identify possible obstacles that should be addressed.

5. The above mentioned adjustments will be incorporated into the paper on the ESFS Review to be discussed at the EBA BoS May meeting. The Chairperson stated that EBA's strategic objectives/inputs to the ESFS Review could be further discussed at the extraordinary BoS meeting in July.

Agenda item 3: "External Credit Assessment Institution (ECAI)"-Work Plan"

6. The Director of Regulation introduced the topic. She highlighted the need to: a) review the current methodology of the mapping process and setting up a project team to conduct the mapping of the increasing number of ECAIs and b) to address the work on overreliance on external ratings that stems from CRA3 with a view to the work taking place in Basel on this topic.
7. The approval of the MB was requested as regards the proposed EBA strategy in relation to the work on ECAIs.
8. Some MB members suggested referring to additional input from the ECAIs themselves to contribute by delivering data and qualitative assessment. Also a request was made to make reference to the FSB work on overreliance.

Conclusion

9. The MB endorsed the proposed EBA Strategy in relation to the work on ECAIs. As suggested by some members, the additional input from the ECAIs on the work to be conducted will be added to the EBA Strategy.

Agenda item 4: "Central Counterparty (CCP)"

10. The Chairperson stated that due to the potential role for the EBA in the field of market infrastructures, a number of areas where the EBA can provide additional expertise in relation to prudential risk management and recovery and resolution for market infrastructures have been identified. In particular, the four specific areas where the EBA can provide immediate input and expertise are: a) liquidity risk, b) mitigation of counterparty credit risk, c) stress testing and d) devising recovery and resolution frameworks for market infrastructures.
11. The Chairperson also highlighted that a coordinated approach to the prudential risks was particularly important to minimise the potential for regulatory arbitrage. He also noted that coordination with ESMA in the market infrastructures is required.
12. The MB was asked to endorse the proposed EBA Strategy in relation to market infrastructures.

Conclusion

13. The MB approved the proposed EBA Strategy in relation to market infrastructures.

The paper on Central Counterparty will be discussed with ESMA to achieve agreement on this field.

Agenda item 5: “Binding Technical Standard (BTS) already consulted”- Work Plan”

14. The Director Regulation briefly explained that the so called “Frozen BTS” (draft BTSs that have already been consulted) had reached different stages after their public consultation during 2012. Now, having had a look at the final mandates, most of the BTS except the one related to the CVA will be ready to be submitted to a dedicated BoS meeting for their final adoption.
15. However, as regards “Standards on Reporting”, due to the last minute amendments in the content of Article 95 on Reporting, two recent consultations have just started about Encumbrance and Forbearance which will last until June 24. Therefore, two alternatives were suggested to the MB to extend the deadline to issue the said Technical Standards.
16. The views of the MB were sought on the way forward on the Technical Standards already consulted upon, and the new ones to be delivered before the end of January 2014.
17. The representative from the EU Commission stated that no formal statement from them can be provided with respect to extended deadlines before the statutory deadline has elapsed. He also advised to postpone the extra meeting planned on June 26/27th to July, due a possible late publication of the CRD IV/ CRR in June.

Conclusion

18. The MB agreed: a) to send an informal letter to the EU Commission informing it of the EBA assessment on the timeline for the adoption of the EBA’s draft technical standards related to the CRD IV package, b) to publish a Statement in this regard after the July BoS meeting, and c) to present to the next applicable BoS meeting, after the official publication of CRD IV/CRR, a plan including all the TS to be developed by the end of the year.

Agenda item 6: “Financial Institution Register” - Update”

19. The MB was updated on the EBA Credit Institution Register. As agreed at the last MB meeting on 5 November 2012, a temporary solution to publish the said Register, called Phase 1, had taken place. The development of a new interface would be the Credit Register Phase 2. To prepare this second phase, regular exchanges between NSAs experts and EBA staff had taken place to agree on a way forward.
20. The approval of the MB was asked to start the development of the Credit Institutions Register Interface as suggested.
21. Some members of the MB noted that cooperation with the ECB on the project would be required.

Conclusion

22. MB members approved to start the development phase of the Credit Institutions Register interface. A project Chart will be sent to the MB for formal endorsement.

Agenda item 7: “Asset Quality Review”- Strategy and Work Plan”

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23. The Director Oversight briefly introduced the different options of differing levels of coordination for the Asset Quality Review exercise addressed in the Recommendation.
 24. The MB's view was requested on the way forward for the EBA Asset Quality Review Recommendation.

Conclusion

25. The MB was supportive of some EBA coordination for AQRs and for the EBA to provide some guidance on best practice or guidelines.
26. The MB had a clear preference for a high level recommendation to competent responsible authorities, containing a requirement to undertake an AQR, using the EBA definitions as far as possible, along with some coordinated reporting to the EBA to produce an overview report showing the impact of AQRs, particularly on loss rates. In this context the MB favoured a light option with the good practices attached or referenced. The EBA staff will redraft a short recommendation with accompanying good practice for a quick comment from MB members before circulating to the BoS for a decision on this one option only.

Agenda item 8: "Administrative and Operational Status Report"

27. The Director of Operations provided the MB with a summary overview of the main developments in the EBA's operations since the last Management Board meeting on the 6th February 2013.
28. The Executive Director updated the MB on the future office solution. He stated that the plan is to re-launch the selection at the end of the second quarter, for the long term EBA office solution.

Agenda item 9: "BSG Renewal Process"

29. The MB was updated on the BSG Renewal Process.
30. The current proposal is that subject to the BoS approval, the Call for Interest would be launched on 17 May, for a six week period, with the aim to align the process and timing with the other ESAs, and to the extent possible take into account feedback from the Ombudsman's office in respect to the complaints received.
31. The EBA staff will provide the MB with a proposal for the composition of the new BSG at its 17 September meeting. By then the mandate of the current BSG will have expired on 11 September. To minimise the gap of there being no BSG, it is proposed to get the BoS approval through written procedure, rather than wait for the 16-17 October BoS meeting.

Conclusion

32. The MB approved the suggested timeline, the publication of Annex V as a standalone document and the Call for Interest. These will then be forwarded to the May BoS meeting for its approval. In the meantime changes could become necessary, if further Ombudsman feedback becomes available.

Agenda item 10: "A.o.B"

a) Alternate Chair of the MB

33. The Chairperson announced that Mathew Elderfield informed him that he would step down as Alternate Chairperson of the Board of Supervisors.

b) BoS Agenda

34. The BoS draft agenda was tabled at the MB meeting for information.

c) Joint BoS/BSG Agenda

35. The Joint BoS/BSG Agenda was tabled at the MB meeting for information.

d) Proposed Strategy on Transparency and Pillar 3 disclosure

36. The MB agreed that a specific top down strategy was required to bring together all the various strands of transparency currently underway and articulate the scope and degree of consistency that the EBA should pursue in relation to transparency. This would guide the forthcoming Pillar 3 guidelines.

e) Mediation panel

37. The Chairperson stated that the election of substitutes of the Mediation Panel will be held at the 15th/16th May BoS Meeting.

f) Steering Committee-Single Supervisory Handbook conference call

38. The Chairperson noted that following the BoS vote, the steer of the Handbook development project was entrusted to the Management Board supported by the ECB. To this end, the Management Board in the extended form will act as a formal Steering Committee, with separate meetings and operational procedures.
39. In order to proceed with the work, and discuss the topic for the pilot phase of the project, a conference call will be organised on 16 April. An email will be sent to the MB to confirm the data and time and the items to be discussed.

g) EBA's responsibility under the CRR

40. A question was raised about the EBA's thinking on its responsibility under the CRR to provide opinions on macro-prudential measures introduced by Member States. Some further work was agreed in this area.



List of Participants

Andrea Enria	Chairperson
Danièle Nouy	MB member
Andrew Bailey	MB member
Martin Andersson	MB member
Mary Burke	MB alternate
Raimund Röseler	MB member
Fernando Vargas	MB member
Jukka Vesala	MB member
Dominique Thienpont	European Commission
Adam Farkas	Executive Director
Isabelle Vaillant	Director Regulation
Peter Mihalik	Director Operations
Haben Piers	Director Oversight
Corinne Kaufman	EBA Staff

Lars Overby EBA Staff

Patricia Juanes Burgos EBA Staff