

Minutes of the EBA Management Board meeting 12 June 2013

12 June 2013, 9:30-16:15hrs

Location: EBA, London

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

1. The Agenda, the minutes of the meeting of 9 April 2013 were approved.
2. The Chairperson recalled that at the last Board of Supervisors (BoS) meeting he mentioned the possibility of postponing the elections of the Management Board (MB) to September 2013 in light of the Single Supervisory Mechanism (SSM) Legislative developments. However, after considering different procedural options, in order not to reconvene another election once the new legislation is published in the Official Journal, the new proposal was to amend the BoS’ Rules of Procedure (RoP) related to the composition of the MB in order to factor in the new balance of participating and non-participating SSM Member States. This would enable the BoS to hold the elections for the MB at the 1-2 July meeting.
3. The proposed change in the RoP would ensure that the MB would be composed of at least two BoS Members from non-participating SSM Member States in line with the SSM legislative proposal.

Conclusion

4. The MB agreed on the suggested amendments to the BoS RoP which would be sent to the BoS for approval.
5. Due to the resignation of the Alternate Chairperson, and Chair of the Review Panel, elections for the position of Alternate Chairperson were to take place at the 1-2 July BoS meeting.
6. The Chairperson noted that a letter had been drafted by the ESAs staff to be sent to BoS members who resigned, reminding them of their professional secrecy obligations under Article 70 of the ESAs Regulation regarding occupational activities within two years of leaving the

ESA's BoS. Furthermore, a Policy on Independence and Decision Making processes regarding Declaration of Interests is being drafted by staff from the three ESAs. This would be provided to the MB once it had been finalised.

Conclusion

7. The MB agreed to send a letter to the former Alternate Chairperson reminding him of his obligations on occupational activities within two years of leaving the EBA's BoS.

Agenda item 2: "Verbal update on the Asset Quality Review and Stress Test"

8. The Director of Oversight provided the MB with a verbal update on the Asset Quality Review (AQR) Recommendation and Stress Test preparations. In particular, as regards the AQR Recommendation, he mentioned that work was in progress and referred to the different discussions held in colleges as well as to the upcoming meeting of experts at the beginning of July. Comments from the MB were welcomed in view of the meeting mentioned above. One member mentioned, that the SCOP should participate in this work. A further update will be provided in September. Meanwhile, the EBA staff was trying to establish a contact group to ensure a single approach between the SSM work and the EBA work on the stress test. The support from the MB was welcomed in this regard.
9. With reference to the Stress Test, it was noted that it seems that there was an agreement across EU to have one stress test. The EBA is working in close cooperation with the ECB in this regard. The methodology agreed at the last BoS meeting seems to remain the most appropriate methodology to be used with some exceptions, as highlighted from discussions at the BoS meetings.

Conclusion

10. 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 would redraft a short recommendation, with accompanying good practice, where MB members' comments would be sought quickly before the draft recommendation would be sent to the BoS for a decision, limited to this one option.
11. The MB exchanged views and supported the proposal of having one single EU-wide stress test exercise.

Agenda item 3: "Transparency Strategy"

12. The Director of Oversight introduced the Transparency Strategy. The objective of this strategy is to enhance market discipline by actions aiming at first better consistency in disclosures, second better adequacy of disclosures, and third, easier access to information on the EU banking sector.

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13. The Chairperson stated that the work of the Enhanced Disclosure Task Force (EDTF) is becoming an important benchmark in banks' disclosures, and that the good reception of the EDTF's recommendations on disclosures enhancements was linked to its engagement with users.
 14. One MB member asked about the review of the implementation of the EDTF recommendation, and suggested that a review could be carried out by the SCARA Transparency Subgroup as part of its yearly review of Pillar 3 disclosures.
 15. The Chairperson stated that the legal challenges section of the Strategy should be reviewed.
 16. MB members raised the following concerns: a) open-issues of the possible varying EBA powers depending of the types of disclosures: (Pillar 3 falls definitely into the EBA mandate), and stressed the lack of clarity about the EBA powers regarding accounting disclosures; b) there could be a trade-off between what the EBA can do itself and what it can achieve by influencing accounting standard setters, and c) the implementation of this Strategy may face difficulties due to the lack of human resources.

Conclusion

17. The MB agreed to amend the document based on the outcome of the discussion. An updated version of the document will be submitted to the BoS with the following two questions: a) Do you support the Strategy? And b) What should be the division of work in its implementation?

Agenda item 4: "AML Policy, Strategy and Contribution from EBA with the perspective of the 4th Directive Proposal"

18. The Director of Regulation explained that the AML Policy provides an overview of the tasks that the EBA is currently undertaking under the Joint Committee umbrella, as well as the regulatory products envisaged by the EC's legislative proposals for the 4th Money Laundering Directive. This note aims to spur discussion on how to prioritise the EBA's work, and how to structure and formalize the leading role of the EBA with respect to the other ESAs and the JC.
19. The Director of Regulation pointed out that due to the complexity of some of the tasks, as well as the fact that the EBA is the leading authority working on this topic under the JC umbrella, extra staff should be recruited to reinforce the EBA's commitment.

Conclusion

20. The MB took note and agreed with the need of extra staff to deal with the AML related tasks. A pool of experts should be identified with the possibility of seconding them to the EBA for short time periods.

Agenda item 5: "Discharge of EBA 2011 Budget Implementation"

21. The Executive Director recalled that at its meeting of 17th April 2013, the European Parliament (EP) adopted a discharge in respect of the implementation of the budget of the European Union

Agencies for the financial year 2011. The discharge was approved by the EP. The Executive Director added that, the EP however, had made some observations as part of the discharge.

22. The MB was asked to take note of the EP approval of the discharge in respect of the implementation of the 2011 budget of the EBA.

Conclusion

23. The MB took note of the EP approval of the discharge in respect of the implementation of the 2011 budget of the EBA.

Agenda item 6: “EBA 2012 Annual Accounts”

24. The Executive Director introduced the EBA 2012 Annual Accounts. The MB was invited to: a) take note of the 2012 Annual accounts and to give its opinion on the 2012 accounts as stipulated in Article 83 (2) of the Authority’s Financial Regulation; b) to adopt the draft Opinion of the MB on the Annual Accounts for 2012 and c) to take note of the European Court of Auditors Report (ECA).
25. As far as the ECA report was concerned, the Executive Director explained that a regular audit of annual accounts of the EBA was conducted by the European Court of Auditors. This audit was split into two parts: the first part took place in November 2012 and the second one was completed in March 2013.
26. The ECA had issued its preliminary observations with a view to producing a report on the annual accounts of the EBA for the financial year 2012. These preliminary observations were commented by the EBA with a specific action plan.
27. The Executive Director briefly explained the comments suggested by the ECA and added that the most contentious point was the comment on the education contribution paid to staff members with children attending nurseries or schools. He also clarified the grounds on which this decision was based.

Conclusion

28. MB members took note of the 2012 Annual accounts, adopted the draft Opinion of the MB on the Annual Accounts for 2012 and took note of the ECA Report.
29. As regards the observations from the ECA concerning the education contribution, the MB agreed to draft a letter pointing out that the education contribution granted to the EBA staff who children attend primary or secondary school is not arbitrary and is not related to any performance but managing the family situation of the EBA staff. This draft letter on educational contribution would be circulated to the MB, to be approved by written procedure.

Agenda item 7: “IAS Limited Review of the Implementation”

30. The Executive Director stated that the European Commission’s Internal Audit Services (IAS) has conducted an internal audit of the EBA. The first audit priority was a limited review of the implementation of Internal Control Standards (ICS). The scope of the review covered the 16 ICS.

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31. In the course of the risk analysis, the IAS identified certain processes of high inherent risk which could not be considered as auditable within the audit plan, as the controls were assessed as absent or insufficient.
 32. The Agency's management submitted an action plan aimed at addressing these recommendations.
 33. The MB was asked to take note of the IAS report and action plans to address audit findings.

Conclusion

34. The MB took note of the IAS Report and action plans adopted by the EBA to address audit findings.

Agenda item 8: "EBA Short Term Office Solution"

35. The MB was updated on the EBA Short Term Office Solution. The EBA proceeded with the implementation of the proposed short-term solution to address the current office needs and to bridge the gap until December 2014 when the current rental agreements on Levels 9 and 18 in Tower 42 expire.
36. The Executive Director explained that to address an urgent need for additional office space, one leaf (20C on floor 20) was rented in February 2012 only until the end of 2012. The office space was taken over on as is basis from previous tenant and there was no investment made into refurbishment. The rental contract for 20C was extended until December 2014 in line with other rental agreements for floors 9 and 18.
37. The Executive Director stated that the EP should be notified about this short term office solution. The representative from the EU Commission clarified that the notification to the EP is a precondition to lifting the EBA's budgetary reserve.

Conclusion

38. The EBA will notify the EP on the EBA short term solution. The MB took note.

Agenda item 9: "EBA Long Term Office Solution"

39. The Executive Director informed the MB of the latest developments regarding the EBA Long Term Office Solution. Upon request of the EU Commission, the EBA would re-launch the selection procedure for a long term office solution. To meet the immediate office needs of the growing organisation, the EBA secured a short term office solution until the end of 2014.
40. The MB members were asked to take note of the status of the project plan for the long term office solution as well as to express their views on the way forward.

Conclusion

41. The MB took note of the project plan for the long term office solution.

Agenda item 10: "Project Brief –EBA Data Collection"

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42. A presentation was given by the EBA Staff on EBA Data Collection-ITS Reporting project brief. The purpose of the EBA data collection system was to provide a reliable and scalable platform for the data collection and dissemination between EBA, NSAs and third parties.
 43. Some MB members expressed their concern on the risks related to the project, in particular, on the timing and costs. According to some MB members, the risks should be well defined. The EBA Staff stated that the risks will be further defined in the Project Charter to be submitted at the September MB meeting, once the project brief is approved by the MB.
 44. Other questions raised by the MB were on: the procurement procedure followed and coordination with the ECB and SSM. The Director of Operations stated that although no formal agreement was taken with the ECB, the EBA is in close cooperation with the ECB in this regard.

Conclusion

45. The MB endorsed the Project Brief for the EBA Data Collection-ITS Reporting. A Project Charter for the MB would be presented for discussion at the September MB meeting.

Agenda item 11: “Administrative and Operational Status Report”

46. The Director of Operations provided an overview on supporting areas since the last Management Board meeting held in March 2013. As regards the IT Strategy, he noted that a progress report on the implementation of the IT Strategy would be presented at the July BoS meeting to inform the BoS members on the current status of the implementation of the IT Strategy.

Conclusion

47. The MB took note of the Administrative and Operational Status Report.

Agenda item 12: “Presentation on Common Approach by the European Commission”

48. A representative from the EU Commission gave a presentation on the follow-up to the common approach to the decentralised agencies, in particular, on the Commission’s tools to implement the Common Approach, the Commission Roadmap and what was expected from EU Agencies. He advised that this Common Approach represents the first political agreement on EU decentralised agencies.
49. He added that although this Common Approach is not legally binding, it will serve as a political blueprint guiding future horizontal initiatives and reforms of individuals EU agencies. The representative from the EU Commission also added that the Commission had prepared a “roadmap on the follow-up to the Common Approach with concrete timetables for the planned initiatives”.

Conclusion

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50. The MB members took note of the Common Approach. The Chairperson concluded that the EBA staff will liaise with EIOPA and ESMA to exchange views on the ESAs' implementation of the above mentioned common approach.

Agenda item 13: "Update of the EBA Reimbursement Policy in relation to the Board of Appeal of the ESAs"

51. The Executive Director informed the MB of developments in relation to the remuneration of the Board of Appeal of the ESAs (BoA). Following a request from the ESMA MB, of which the BoA have been informed, the EBA Remuneration Policy was amended to reflect that for the Board of Appeal only one meeting should be reimbursed and remunerated per calendar year, as from 2014 and as from 2013, there should be no remuneration for preparation of regular meetings. Remuneration principles for actual Board of Appeal cases remain unchanged.

Conclusion

52. The MB approved the reimbursement policy for the Board of Appeal.

Agenda item 14: "A.o.B"

53. **BoA Away Day meeting July 2013:** The draft agenda of the Away Day meeting was submitted to the MB for comments.
54. **Mandate of the Chairs of the Standing Committees:** The mandate of the Standing Committee chairs was about to expire; due to time issues, they would be asked to extend their mandate until September 2013.
55. **Request from the EBA to the EU Commission:** The representative from the EU Commission referred to the forthcoming BTS on reporting and observed that, since these BTS have been developed by different working groups, there is a lack of consistency in a number of respects. Therefore, the EBA suggested to the EU Commission liaising with the EBA working groups that have been working with these BTS to determine proper ways of addressing this lack of consistency in advance of the July BoS.

Andrea Enria

Chairperson

List of Participants

Andrea Enria	Chairperson
Danièle Nouy	MB member
Paul Sharma	MB member
Uldis Cerps	MB member
Peter Lutz	MB member
Fernando Vargas	MB member
Dominique Thienpont	European Commission
Anthony Dempsey	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