



EBA MB 2015 060rev1

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EBA Staff

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02 June 2015

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Location: London

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## Management Board – Final Minutes

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### Agenda item 1.: Restricted session

1. The Management Board (MB), chaired by the Alternate Chairperson, held discussions with the Executive Director and Chairperson as part of the evaluation of their first 5-year terms of office. It was agreed that the Alternate Chairperson would prepare a draft assessment on the basis of the discussion held and circulate it for comments to the MB before finalising it. The MB's assessment would be sent to the Board of Supervisors (BoS) ahead of its meeting on 08 September 2015.

### Agenda item 2.: Open selection procedure for Chairs and Executive Directors of the ESAs

2. The Alternate Chairperson presented a discussion note, previously commented on by the BoS, setting out a broad framework for selection and shortlisting of Chairs and Executive Directors of the ESAs.
  3. The MB debated on whether the Selection Committee (the SC) should be composed of only BoS members. One option discussed was to include individuals who, although not current BoS members, had a supervisory perspective, e.g. retired supervisors. Noting that the decision on the selection of Chairs and Executive Directors should be taken by the BoS, there was a discussion on the arising of conflicts of interest of those BoS members taking part in the SC. Considering the difficulty to establish ex-ante all situations that could lead to a conflict of interest, it was agreed to draft guidelines on membership options and conflicts of interest.
  4. It was suggested and agreed to increase the number of SC members from three to five from a combination of the BoS, a Commission representative, and other individuals with a supervisory perspective.
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5. The MB also discussed on the choice of selection tools for the assessment of candidates, with the possibility of including other tools not expressly mentioned therein.

### Conclusion

6. The MB agreed to submit a note to the BoS for final decision including an increase of the number of SC members from three to five and with a mixed combination of BoS members, non-members and a Commission representative. EBA staff would draft guidelines setting out membership options and advice on how to avoid conflicts of interest of SC members.

### Agenda item 3.: Opening and Approval of Agenda and Minutes

7. The EBA Chairperson opened the MB meeting. The agenda was approved. The minutes of the meeting of 18 March 2015 (document *EBA MB 2015 037rev1*) were approved.

### Agenda item 4.: Administrative and Operational Status Report

8. The EBA Director of Operations presented an administrative and operational status report (document *EBA MB 2015 046*) with the developments since the latest MB meeting. The following topics were presented: a) the discharge of the EBA's 2013 budget by the European Parliament; b) the findings of the European Court of Auditors on the EBA's 2014 annual accounts. One of them concerned the dilapidations costs related to the change of EBA premises which, at the time of the meeting, had been dealt with successfully. On this point, the Executive Director explained that, following the final negotiations with the landlord of the former premises, the EBA had secured further savings which were reflected on the 2014 annual accounts; c) the amending 2015 budget, which had been approved by the MB and BoS and would be subsequently submitted to the Commission; and d) the overall positive feedback on training received from competent authorities (CAs) and the possibility that additional training sessions be organised due to oversubscription.
9. The Executive Director explained that an updated exchange rate applicable to staff salaries would be set out at the end of June 2015, thus enabling the EBA to make more accurate expenditure forecasts for salaries for the period July 2015-June 2016. He also explained that, under the Financial Regulation, the EBA was not allowed to borrow or hedge. One member suggested, given that the EBA was not allowed to hedge, to pay contributions to the EBA in Sterling instead of Euro in order to solve the FX-issue. In order to allow the EBA to better manage changes to the exchange rate, it was agreed to discuss with the Commission a change of the point in time when CAs and Commission contributions should be paid to the EBA, and to submit a note for discussion at the MB meeting of 15 September 2015.
10. The Commission representative explained that the College of Commissioners had recently approved a draft budget of 36 million euros and a headcount of 127 temporary agents for 2016. The budgetary process would now start with negotiations between the budgetary authorities and the Commission.

## Conclusion

11. The MB took note of the administrative and operational status report.

## Agenda item 5.: Consolidated Annual Activity Report 2014

12. The Chairperson presented the 2014 consolidated annual activity report (the 2014 CAAR) (document *EBA MB 2015 050*) as per the Financial Regulation. He explained that it was similar to the EBA Annual Report required by the EBA Regulation although containing some additional information; therefore, as of 2016 both reports would be merged.

13. MB members requested some minor changes.

## Conclusion

14. The 2014 CAAR was approved. It would be submitted to the BoS for final approval and subsequent transmission to the European Court of Auditors.

## Agenda item 6.: Draft EBA 2016 Work Programme and Multi Annual Work Programme

15. The Executive Director presented the draft EBA 2016 Work Programme (document *EBA MB 2015 051*) and the 2016-2018 Multiannual Work Programme (document *EBA MB 2015 052*). He informed that the draft 2016 work programme would be updated to reflect the 2016 budget. The Chairperson added that, in the future, it would be advisable that the BoS conducted a top-down identification of priorities rather than a bottom-up process driven by the EBA staff.

16. The MB welcomed both work programmes, and requested: a) a mapping of mandates/deliverables per EBA organisational entities; b) an identification of indicators for the costing of deliverables; and c) the same structure, in the future, for the multiannual work programme as used for the annual work programme.

17. On a question by the MB, the Executive Director explained that the headcount numbers had informed the decision on costing and number of deliverables included in the work programme.

## Conclusion

18. The EBA staff would continue working on the costing of deliverables and would send the draft 2016 work programme to the BSG for comments, and table a discussion at the BoS away day on prioritisation for 2016. The EBA staff would then refine the draft further to which the BoS would be asked to formally approve it in September 2015. Depending on the impact of the 2016 budget approved by the budgetary authorities, the 2016 work programme would be revisited.

## Agenda item 7.: EBA 2014 Annual Accounts

19. The EBA Accountant Officer presented the EBA 2014 annual accounts and the Report of the European Court of Auditors (documents *EBA MB 2015 042* and *EBA MB 2015 043v1*, respectively) and asked the MB to issue an Opinion on the 2014 annual accounts.
20. The Executive Director praised the work done by the Accounting Officer leading up to the 2014 annual accounts and the smooth discussions held with the external auditors.

### Conclusion

21. The MB approved the 2014 annual accounts and adopted the proposed Opinion.

## Agenda item 8.: 2016 EU-wide Stress Test

22. The Chairperson presented a note setting out the planning and content of the 2016 EU-wide stress test (document *EBA MB 2015 045*) and stressed the main elements for discussion: criteria for the quality assurance process, which should be different depending on whether the stress test would be intended for transparency purposes or to inform supervisory assessment by CAs. Also for discussion was the sample size and, linked to that, the choice of dynamic or static balance sheet assumption. Finally, he asked the MB for its views on the schedule and timing of milestones, i.e. launch of the exercise and publication of the results. In this regard, he reminded the MB of the legal mandate as per Article 22 of the EBA founding Regulation that the EBA should consider, at least annually, on the appropriateness to carry out an EU-wide assessments of the resilience of financial institutions.
23. The MB viewed positively the idea that stress test should feed the SREP process, with some members considering that the quality assurance process should be thus as comprehensive and intense as possible. Members held that this option would require an annual stress test exercise, aligned with the annual SREP processes, although acknowledged the difficulty to do so; it was thus suggested to develop a set of high-level principles as guidance for CAs to ensure that the quality assurance process could follow good practices and deliver reliable results that could feed the supervisory assessment.
24. Related to the discussion on the extent of the quality assurance process, the MB deemed appropriate for 2016 the static balance sheet assumption, although it should evolve into a dynamic balance sheet assumption in the future also considering that the static assumption was not useful for banks under restructuring.
25. On the calendar, the MB expressed its preference for the publication of results no later than end-July, as this would help use the outcome in their SREP processes; some members also considered that the timing could be a bit too tight given the launch of the exercise in February/March. Certainty on the timing of the stress test exercise was, notwithstanding the above, highly valued by the MB.

26. Finally, on the sample size, the MB suggested to limit it as a means to ensure both the appropriateness and the relevance of the EU-wide stress test for the SREP process.

### Conclusion

27. The note, with the changes discussed by the MB, would be presented for decision at the BoS meeting of 16-17 June 2015. The EBA would continue working on the methodology, including market, funding, securitisation and conduct risk, which would be discussed, together with the time line and external communication, at the BoS meeting of 08 September 2015.

## Agenda item 9.: Update on Specific Work Streams in the Resolution Area

28. The Chairperson presented a note to the MB (document *EBA MB 2015 047*) which provided an update on various matters on resolution, namely on the establishment of resolution colleges, the programme to enhance resolution planning and operational readiness (the Readiness Programme), and the state of play of the framework cooperation arrangements further to the discussion at the MB meeting of 18 March 2015.

29. The Chairperson referred to the discussions at the ResCo meeting of 22 May 2015 on the lack of implementation of the BRRD by some jurisdictions and the impact on the establishment of some resolution colleges, in particular on the planned work for the EBA as set out in the “Resolution Colleges Action Plan for 2015”. In view of this, it was suggested to delay the stock-taking exercise of college activity, initially due in June 2015.

### Conclusion

30. The MB took note of the update and findings presented in the note.

## Agenda item 10.: Filling of one Vacancy on the Banking Stakeholder Group and Vacancy Notice for Replacement of Two Members of the Banking Stakeholder Group

31. The Chairperson explained that three members of the Banking Stakeholder Group (BSG) had resigned, two under the category “consumers” and one under “top-academics”. He presented the short-listing prepared by the EBA (document *EBA MB 2015 053*) on the basis of the available pool of “top-academics” candidates. Given the lack of candidates in the pool of “consumers”, he proposed to issue a fresh vacancy notice (document *EBA MB 2015 054*) for filling the BSG Vacancies in the “consumer” category, prior to which the BSG would need to amend its Rules of Procedure.

## Conclusion

32. The MB approved the proposal, which would then be submitted to the BoS for approval. Then once the BSG has amended its Rules of Procedure, the vacancy notice would be launched.

## Agenda item 11.: Peer Review: Discussion on Possible Topics

33. The Executive Director presented a note (document *EBA MB 2015 049*) with topics for a future peer review: Guidelines on disclosure of encumbered and unencumbered assets (EBA/GL/2014/03), and list of EU regional government and local authorities treated as exposures to central governments, as published in July 2014 in accordance with Article 115 of the CRR.

34. The MB agreed with the proposal, and suggested other topics: ITS on supervisory reporting and, for the longer term, the RTS on the determination of the overall exposures to a client or a group of connected clients in respect of transactions with underlying assets.

35. One member felt that the peer review topics focused mainly on recent regulatory products, implying that the focus was on quick rather than good implementation. The Commission representative asked for a systematic approach in the selection of topics for peer review, whereby all guidelines and TS adopted would be listed and rated, introducing this way some transparency elements in their selection. The EBA confirmed that such a listing was being produced already.

## Conclusion

36. The MB expressed a preference for peer review of the TS on supervisory reporting without the template reflecting the updated requirements on liquidity, followed by the list of EU regional government and local authorities treated as exposures to central governments, and the Guidelines on disclosure of encumbered and unencumbered assets.

## Agenda item 12.: EBA Training in the Context of Supervisory Convergence

37. Further to the strategic discussion at the BoS meeting of 28-29 April 2015 on the EBA's mandate on supervisory convergence, the Chairperson brought to the MB ideas on how to so deliver by strengthening the EBA's ability to provide EU-wide training (document *EBA MB 2015 048*). The Chairperson presented various options with different implications for the EBA and the CAs, among the latter, increasing the budget for training in 2016 or establishing a ring-fenced programme funded by CAs to provide training across the EU.

38. The MB agreed with the objective to extend the EBA's training activities and the direction and ideas presented by the EBA. It considered that the EBA and CAs should work towards further coordination of their training curricula, with a greater involvement of CAs in organising training where it could prove to be more cost effective than the EBA. In particular on this aspect, the

EBA was asked to consider current constraints, in particular the existence of jurisdictions inside and outside the SSM. On the financial aspects, the MB viewed necessary to continue assessing the feasibility and cost-effectiveness of the different options before opting for any of them and, in particular, a dedicated facility to organise training with a separate budget line.

39.The Executive Director informed that the EBA was seeking ways to cooperate with the European University Institute (EUI), whose training was funded by the EU.

40.The Commission representative suggested that the EBA developed online training tools to maximise the coordination of and participation in training.

### Conclusion

41.The Chairperson thanked the MB for its suggestions, favouring the option of a facility with both own capital and annual fees paid by CAs (including SSM) based on the number of staff participating in training; also, the option of CAs organising training where it proved to be more cost effective than the EBA. The EBA would continue working on a proposal including the suggestions by the MB for further discussion at the BoS away day on 9-10 July 2015.

### Agenda item 13.: AoB

42.On a request by the Single Resolution Board (SRB) to participate at SCRePol, the Chairperson expressed his views that in principle segregation between resolution and supervision tasks within the EBA should be ensured, but also noted that the BoS had decided to allow ECB/SSM participation in ResCo. In the absence of specific objections from MB members, the request of the SRB would be accommodated.

43.The Executive Director informed that a new decision on administrative inquiries and disciplinary procedures would be soon submitted to the Commission for approval. It would subsequently be tabled at the forthcoming MB meeting for final approval.

44.The Chairperson informed on possible topics to discuss at the BoS Away day meeting on 9-10 July 2015, namely capital markets union and supervisory convergence. A detailed agenda would be soon shared with the BoS.

### END OF MEETING

**Andrea Enria**

**Chairperson**

**Participants at the Management Board meeting  
02 June 2015**

**Chairperson** Andrea Enria  
**Alternate Chairperson** Pedro Duarte Neves (Portugal)

<b><u>Country</u></b>	<b><u>Member/Alternate</u></b>
Germany	-
Italy	Andrea Pilati
Netherlands	Jan Sijbrand
Poland	Andrzej Reich
Spain	Fernando Vargas Bahamonde
United Kingdom	Sasha Mills

<b><u>EU Institution</u></b>	<b><u>Representative</u></b>
European Commission	John Berrigan and Dominique Thienpont

**EBA Staff**

Executive Director	Adam Farkas
Director of Operations	Peter Mihalik
Director of Oversight	Piers Haben
Director of Regulation	Isabelle Vaillant

Mario Quagliariello; Jonathan Overett Somnier; Corinne Kaufman; Yves Lecoanet; Santiago Barón Escámez