



EBA MB 2017 104rev1

EBA Staff

11 September 2017

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EBA REGULAR USE

Management Board – Final Minutes

Agenda item 1.: Welcome, Approval of Agenda and of Minutes

1. The Management Board (MB) approved the provisional agenda and the minutes of the meeting of 07 June 2017 (document EBA MB 2017 082).
2. The Chairperson welcomed the member from the Swedish Financial Supervisory Authority (Finansinspektionen) to his first MB meeting. He then noted the state-of-play of the actions agreed at the meeting of 07 June 2017. Further to the resignation of the SCOP co-chair, he said that a new call for expression of interest would be soon launched.

Agenda item 2.: Administrative and Operational Status Report

3. The EBA Director of Operations presented the Administrative and Operational Status Report (document EBA MB 2017 088). He explained the situation concerning the subsidy of EFTA states into the EBA's budget for 2017. An amendment to the budget would be needed to remove the subsidy from the budgeted revenue and to reduce the budgeted expenditure accordingly. Also with regard to the 2017 budget, he sought the MB's endorsement of one budget transfer of €29,534 from line 3100 to line 2120 of the EBA's budget which had been effected with a view to purchasing software for the training hub. The MB endorsed the transfer.
4. Concerning the EBA's 2018 budget, the EBA Director of Operations noted that the Commission's draft budget, published in June 2017, reduced the EBA's proposed establishment plan by 2 Temporary Agents (TAs) positions. Also with regard to HR, he noted that 14 staff members had resigned since July 2016 following the UK's vote to leave the EU. The Executive Director explained that this would require an intensification of recruitment procedures, but that the budget would not be affected.
5. Regarding IT projects, he reported that all projects were on time. To ensure that the eGate2.0 go-live date of 15 September 2017 would be kept, the project team had to work over the weekends which resulted in a cost increase of €17,000 over the approved project budget.

Conclusion

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

Agenda item 3.: Decision on the Education Contribution Thresholds

7. The Executive Director submitted for approval a decision on the education contribution thresholds for the school year 2017/8 (document EBA MB 2017 090). He explained that the thresholds were updated annually on the basis of a method of calculation which took into consideration the schooling costs in London and the EU expenditure per student in the European schools. It was explained that the increase in 2017/8 had to be compared with the thresholds for school year 2015/6, since there was no increase for school year 2016/7.

Conclusion

8. The MB adopted the Decision on the EBA contribution thresholds for primary and secondary school education for the school year 2017/2018. For future decisions the MB would be provided with information on the evolution of the thresholds.

Agenda item 4.: EBA Relocation: Status Report

9. The Chairperson informed that, ahead of the decision on the relocation of the EBA, the MB would be regularly updated on the relocation process and related risks. He said that the reports before a decision on the new seat would be based on estimates only, whereas the EBA would be in a position to present more accurate budget data once it knew its new location. He then gave the floor to the EBA Director of Operations, who presented the first status report (document EBA MB 2017 091).
10. The EBA Director of Operations noted that the report had been drawn up on the basis of a number of assumptions, including but not limited to that the EBA would remain an autonomous body and that it would operate from the new location in March/April 2019; the relocation of staff would take place immediately afterwards in a staggered fashion. He said that three main areas were being assessed: staff, IT and premises.
11. On a question regarding mitigating measures for IT-related matters, he explained that the EBA had a small IT core team supplemented by a larger amount of local consultants who maintained business critical applications and who would not relocate. The EBA suggested the increase of TA headcount for IT key roles, as well as prioritising the procurement of IT consultancy services so the new team would be brought on board before the move take place.
12. One member enquired whether the EBA was considering the scenario where the UK would be made to pay all costs related to the relocation. The Executive Director noted that, as a legal entity with contractual obligations, the EBA had to be prepared for the relocation irrespective of how the financing of the relocation costs would be arranged. Thus, the planning document did not have any assumptions or scenarios on the financing the cost of relocation at this stage.

Conclusion

13. The MB took note of the status report.

Agenda item 5.: A Summary of Member States Offers to Host the EBA

14. The EBA Director of Operations presented a summary of the offers received by the Commission to host the EBA (document EBA MB 2017 092). He explained that the summary contained no assessment or judgement of those offers, but simply aimed to provide a general overview to members.¹ He noted that an annual budget projection had been included in view of the different salary weighting coefficients of the different candidate cities, and the impact that this would have on the EBA's budget. He also noted that with the exception of two candidate cities that had offered the premises for free, there would be a requirement to run a procedure in line with the Financial Regulation which would affect the timelines for the relocation.

Conclusion

15. The MB took note of the summary note.

Agenda item 6.: Update on ESAs Review

16. The Chairperson invited the Commission representative to share with the MB an update on the Commission's work on the review of the ESAs Regulations.

17. The Commission representative informed that it was likely that a proposal would be tabled at a meeting of the College of Commissioners in September for adoption. He shared with the MB some high-level considerations related to the current work on ESAs review in the areas of EBA powers, governance and funding. A discussion followed in particular on governance aspects of the ESAs. A discussion followed in particular on governance aspects of the ESAs.

Agenda item 7.: Renaming of the Taskforce on Payment Services (TFPS) to Standing Committee on Payment Services (SCPS)

18. The Chairperson presented a proposal (documents EBA MB 2017 093/094) to convert the Taskforce on Payment Services (TFPS) into a Standing Committee on Payment Services (SCPS). He noted that the specific circumstances surrounding payment services, notably the work to carry out by the EBA in this area in the long-term, would justify such conversion. In response to a question by a member, it was explained that it did not seem advisable to convert the TFPS into a Sub-Group under the Standing Committee on Regulation and Policy (SCRePol) because the scope of payment services went beyond SCRePol's, focused on credit institutions and

¹ These offers can be consulted on the Council's website: <http://www.consilium.europa.eu/en/policies/relocation-uk-based-agencies/eba/>

investment firms, and because the work of the TFPS had progressed well with the current composition.

19.A proposal to convert the Taskforce on Supervisory Benchmarking (TFSB) into a Sub-Group Supervisory Benchmarking (SGSB) was tabled by the Chairperson (document EBA MB 2017 102). The proposal included that the SGSB would report to the Standing Committee on Oversight and Practices (SCOP). This change would be implemented after the finalisation of this year's exercise.

20.Finally, the Chairperson asked the MB for its agreement that, following the appointment of the EBA Director of Oversight as SCOP co-Chair, he should be replaced by the EBA Head of Risk analysis as chair of the Stress Test Taskforce (STTF).

Conclusion

21.The MB approved all the changes proposed.

Agenda item 8.: Appointment of BSG Member

22.Following a vacancy in the Banking Stakeholder Group (BSG) in the category of SME, the Chairperson tabled a proposal to fill such vacancy with a new member (document EBA MB 2017 095).

Conclusion

23.The MB agreed to the appointment of Mr Razvan George Antemir of EMOTA (the European eCommerce and Omni Channel Trade Association) as new BSG member. The proposal would be communicated to the BoS for final approval.

Agenda item 9.: Draft Rules of Procedure on Professional Secrecy for non-Staff

24.The MB was asked to approve the Decision on draft Rules of Procedure on Professional Secrecy for non-Staff (document EBA MB 2017 097). The draft had been discussed and endorsed by the BoS at its meeting of 27-28 June 2017. The Chairperson noted that the draft was aligned with those approved by the MBs of ESMA and EIOPA.

25.One member requested that the list of persons referred to in Article 3 on professional secrecy on EBA information should not be exhaustive. It was explained that this could be decided by the Chairperson on a case-by-case basis without having to change the wording of the Decision. Another member expressed his concerns with the remedial measure of *temporary restrictions of the NCA concerned to have access to EBA information in the particular EBA working group from which the EBA Information subject to the unauthorised disclosure originated* (Article 7.5(a)(i)). He noted that a competent authority (CA) should not be punished for the fault of a single person, and noted his objection to the Rules of Procedure should the final version include this measure.

Conclusion

26. The MB adopted the Decision on Rules of Procedure on Professional Secrecy for non-Staff.

Agenda item 10.: Simple, Transparent and Standardised Securitisation (STS): Deliverables Plan and Prioritisation

27. The Chairperson presented a plan with key deliverables and proposed work programme for the second half of 2017 and 2018 for simple, transparent and standardised securitisation (STS) and covered bonds (document EBA MB 2017 098). The plan was based on the draft EU Regulation on STS and the proposed amendments to the CRR, which would contemplate a number of mandates to the EBA. However, he noted that a number of adjustments to the plan should be introduced once the legislative initiatives had been published in the Official Journal of the EU (OJEU). The EBA Director of Regulation added that the prioritisation plan and work programme had been drafted on the basis of two main assumptions, notably: a) the need to observe the legal deadlines to the great extent possible, while noting the insufficiency of current resources to deliver all the work; and b) the need to facilitate the functioning of the securitisation market.

28. Members welcomed the prioritisation plan and noted its ambitiousness. It was requested that the ITS on COREP securitisation templates should be adopted by the time the STS package would be applicable to all securitisations from January 2019. It was also requested that the reporting should be moved forward, to what the EBA Director of Regulation noted that, while acknowledging its importance, it was crucial to have first the policy instruments in place. Finally, one member suggested that, while working on the Guidelines on STS criteria for traditional securitisation, the Guidelines on STS criteria for ABCP securitisation should also be addressed, given their synergies as well as a means to facilitate the issuing of new products by ABCP originators, thus reviving this particular market.

29. The Commission representative noted that the financial fiche of the proposed STS Regulation contemplated 3 additional posts for the EBA, although this would require an amendment to the Commission's proposed budget and agreement by the budget authority. Regardless of that, he said that priority should be given to the RTS on Risk Retention for delivery by June 2018; and that the GLS on STS criteria and the RTS on calculation of K_{IRB} should be delivered earlier than set out in the plan.

30. The Chairperson stressed the importance of having the necessary resources in place to deliver parts of the prioritisation plan earlier than proposed. The EBA would identify the resources needed in this respect.

Conclusion

31. The MB took note of the deliverables and prioritisation plan. It would be updated following the adoption of the legislative package and sent to the MB prior to its external communication.

Agenda item 11.: Proposals for 2018 Peer Review

32. The Executive Director tabled a proposal for the 2018 peer review work programme (EBA MB 2017 103). The topics suggested were: a) RTS on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile ('risk takers'); and b) RTS on passport notifications under Articles 35, 36 and 39 of the CRDIV ('passport notifications'). It was suggested to commence with the peer review on risk takers (Q3 2017–Q3 2018), and follow with passport notifications (Q3 2018–Q2 2019).
33. Members agreed with the proposal, but expressed a slight preference for undertaking a peer review on passport notifications first. There was a request to extend the mandate of the peer review on passport notifications to include other topics such as the process for establishing branches and submission of information. The Executive Director noted that this would require a broadening of the mandate of the peer review, to which the BoS would have to agree. The EBA would also consider whether the peer review could be extended to passport notifications of payment institutions depending on the state of application of the relevant RTS and Guidelines in the area.
34. With regard to the peer review on risk takers, a member asked to look into whether home and host authorities were communicating to each other on cases of excessive risk taking.
35. On a request to the EBA to conduct more peer review exercises in view of the large number of regulatory products adopted over the past years, the Executive Director said that the EBA had some capacity to do so, but that it would ultimately depend on CAs to engage their internal resources. It was suggested that the peer review's work programme should in future extend to other fields of activity of the EBA, such as consumer protection and resolution topics.

Conclusion

36. The MB agreed with the 2018 peer review work programme but requested that the peer review on passport notifications be conducted before the peer review on risk takers. A proposal, taking into account the comments by the MB, would be tabled at the BoS meeting of 12 September 2017 for final approval.
37. EBA staff would draft a proposal to better define the mandates of peer reviews, in line with the comments of members, for the consideration of the BoS at its meeting of 24-25 October 2017.

Agenda item 12.: EBA's Proposal on Resubmission of Notifications

38. The EBA Head of Credit, Market and Operational Risk Policy Unit presented a proposal on the way forward with notifications submitted in the past in view of the upcoming release of eGate 2.0 (document EBA MB 2017 099). The proposal took into account the views expressed by both the MB at the meeting of 07 June 2017 and SCRePol. It was explained that the proposal required CAs to resubmit, starting in October 2017, a very limited number of such notifications, thus limiting the burden on CAs to review and resubmit in eGate 2.0.

39.A member opined that it would be necessary to reassess the relevance of some of the notifications and draft a proposal for the Commission on the system of notifications envisaged in legislation with a view to its possible streamlining.

Conclusion

40.The MB approved the EBA’s proposal on the resubmission of notifications.

Agenda item 13.: NPLs Action Plan: EBA Contributions and Sequence

41.The EBA Director of Oversight presented a proposal of actions to be carried out by the EBA in view of the Action Plan to tackle Non-Performing Loans (NPLs) concluded by the European Council on 11 July 2017 (document EBA MB 2017 100). He explained those actions, grouped in three major strategic themes, namely: a) supervisory guidance; b) data; and c) secondary market development. A non-permanent Taskforce on NPLs (NPL TF) would be set up under SCOP to manage the work with CAs.

42.Members welcomed and endorsed the way forward.

Conclusion

43.The MB approved the EBA’s way forward and planned work.

Agenda item 14.: EUCLID Progress Update

44.EBA staff updated the MB on the state-of-play of Workstream 2 of the EUCLID project (document EBA MB 2017 101). Further to the approval of the Project Brief (1 August 2017), functional and technical requirements and specifications would be developed, allowing a precise cost to be estimated. It was stressed that Workstream 2 concerned only the master data and credit register data; reporting data would be dealt with under Workstream 3. In this regard, it was noted that EUCLID had a single budget allocated to it, without distinction between Workstream 2 and 3; therefore, the cost estimates in the project brief for Workstream 2, higher than the one originally expected, may have some impact on Workstream 3. On timelines, it was explained that the original timeline would have to be postponed by more than 6 months (end-date, October 2018 rather than March 2018).

45.Members enquired about the discussions with the ECB on the sequential approach for the submission of data and recalled the importance of ensuring that such an approach would be applied. The Chairperson noted that discussions on the financing aspects of such data submissions between ECB and Euro Area’s CAs were ongoing.

46.One member enquired whether the consultation envisaged with CAs would be carried out. It was clarified that the consultation would cover various elements of interest for CAs, not

necessarily in one single round of consultations, as these may not be in the area of expertise of all Standing Committees or groups.

Conclusion

47.The MB took note of the progress update.

END OF MEETING

Andrea Enria

Chairperson

Participants at the Management Board meeting

11 September 2017

Chairperson Andrea Enria
Alternate Chairperson Pedro Duarte Neves

<u>Country</u>	<u>Member/Alternate</u>
Belgium	Jo Swyngedouw
Denmark	Anne-Sofie Reng Japhetson
France	Frédéric Visnovsky
Italy	Andrea Pilati
Poland	Andrezj Reich
Sweden	Martin Noréus

<u>EU Institution</u>	<u>Representative</u>
European Commission	Dominique Thienpont

<u>EBA Staff</u>	
Executive Director	Adam Farkas
Director of Regulation	Isabelle Vaillant
Director of Operations	Peter Mihalik
Director of Oversight	Piers Haben

Mario Quagliariello; Lars Overby; Jonathan Overet Somnier; Philippe Allard; Gabriel Cardi; Santiago Barón Escámez