



15 October 2007

Review panel: Protocol

Below is the CESR protocol as published in January 2007 (CESR/07-070b), adapted for CEBS' purposes.

PROTOCOL ON REVIEW PANEL OF THE COMMITTEE OF EUROPEAN BANKING SUPERVISORS

Having regard to:

- (1) The Charter of the Committee of European Banking Supervisors ("CEBS Charter") and more specifically Article 4.3 of this Charter;
- (2) The Ecofin conclusions of 5 May 2006;
- (3) The FSC Report on Financial Supervision (the so called "Francq Report") of February 2006;
- (4) The European Commission's White Paper on Financial Services' Policy 2005-2010.

Considering the need to set out the role of the Review panel, the purpose of its work, its tools and working procedures as well as the commitment of the authorities which are members of CEBS ("CEBS authorities") to actively ensure that the Review Panel fulfils its role,

Considering the role of the European Commission as set out in the Treaty establishing the European Community and as described in the Lamfalussy architecture,

The members of the Committee of European Banking Supervisors ("CEBS") have agreed:

SECTION I

GENERAL PROVISIONS

Article 1

Scope

This Protocol sets out the principles of Peer Review and more specifically sets out the role of the Review Panel, the purpose of its work, its tools and working

procedures as well as the commitments of CEBS authorities to actively ensure that the Review Panel fulfils its role.

Article 2

Purpose and role of the Review Panel

1. The Review Panel is established by CEBS to help monitor the implementation of supervisory provisions set out in Community legislation and in CEBS measures ('supervisory provisions') and to monitor convergence in supervisory practices, with the purpose of encouraging a timely and consistent day to day application of all of the above and of enhancing supervisory convergence within the European Economic Area.
2. To fulfill these objectives, the Review Panel will conduct peer reviews.
3. Peer review consists of a self-assessment conducted by CEBS authorities and a review by peers. The self-assessment is always conducted. However, in some cases, a review by peers of a self-assessment may not necessarily follow.
4. Peer review is not intended to extend or change the scope or nature of supervisory provisions and practices, but, where relevant, to lead to their consistent implementation in each CEBS authority's jurisdiction.
5. To carry out peer reviews, the Review Panel may use a number of different tools apart from self-assessments, such as surveys, the supervisory disclosure framework, the outcome of the work of the CEBS Expert Groups, and, upon a specific mandate from CEBS, selective reviews involving one or more CEBS authorities. CEBS may ask the Review Panel to develop and use other specific tools or to carry out other work when needed.
6. The Review Panel will regularly update CEBS on the progress of its work.
7. The Review Panel will report the findings of its reviews to CEBS. When doing so, the Review Panel must report on points (a) to (d) and, where appropriate, (e) to (g) below. Where any of (e) to (g) are not included, an explanation must be provided. The Review Panel will provide a final report to CEBS.
 - a. Signal the extent to which CEBS authorities apply specific supervisory provisions or reach convergence in supervisory practices,
 - b. Present the measures that CEBS authorities not applying specific supervisory provisions intend to take to correct the situation or to adopt a more convergent supervisory practice,
 - c. Express views on specific problems encountered by individual CEBS authorities and recommend ways for achieving full application/implementation by the relevant jurisdictions, where necessary.
 - d. Include a sufficiently reasoned assessment of the level of convergence achieved (generally and provision by provision or practice by practice).

- e. Signal inconsistencies or general problems in the implementation of community legislation and/ or CEBS measures and/or in the conduct of commonly agreed supervisory practices and identify the reasons.
- f. Recommend that work is undertaken to amend a specific supervisory provision or practice that raise significant problems in relation to the operation of the Single Market.
- g. Describe possible good practices developed by some CEBS authorities which might be of interest for other CEBS authorities.

Article 3

Chair, members and sub-groups of the Review Panel

1. The Chair of the Review Panel is the Vice-Chair of CEBS.
2. The members of the Review Panel should have the necessary independence and objectivity, seniority, knowledge of the community legislation and CEBS measures and expertise in supervisory practices in order to ensure that the Review Panel is able to fulfill its role under this Protocol.
3. The Review Panel may create subgroups if this is deemed necessary for the purpose of its work.
4. Each CEBS member and observer country should appoint one delegate to the Review Panel. Where active participation is not possible, a contact person should nevertheless be designated to ensure that the respective authority is able to follow the work of the Review Panel.

Article 4

Commitments by CEBS authorities

1. CEBS authorities will participate in the work of the Review Panel and provide it with the necessary information and input. Each CEBS authority is responsible for the accuracy and completeness of the information provided.
2. CEBS authorities shall describe how their jurisdiction has implemented specific supervisory provisions or adopted specific supervisory practices. If a CEBS authority has not implemented the supervisory provision or adopted the supervisory practice it will explain why.
3. CEBS authorities shall provide their contributions within maximum timeframes to be determined on a case by case basis.
4. If a CEBS authority does not cooperate or does not meet the timeframes, the Chair of the Review panel will ask the relevant CEBS authority to explain the reasons of this non cooperation and will set a deadline for compliance. If

said deadline expires, the exercise will continue without the input of this member and the outcome will be published and/ or communicated with a statement that the particular authority has been classified as “not contributing”.

SECTION II

PROCEDURAL RULES

Article 5

Methodology of the Review Panel

1. The methodology for self-assessments and review by peers is described in a separate document approved by CEBS.
2. Upon the proposal of the Review Panel and following agreement by CEBS, the methodology will be subject to review.

Article 6

Identification of the subjects

1. The areas of activity of the Review Panel are decided at least once a year by CEBS after discussion of the possible priorities.
2. To facilitate this discussion, the Review Panel shall prepare a work program identifying the areas, describing the issues, and proposing the exercises to be undertaken.
3. The Review Panel may take into consideration the suggestions of other CEBS Expert groups as well as of the members of the CEBS Consultative Panel both for the purpose of establishing the work program, or during the course of the year.

Article 7

Cooperation with the European Commission

In the discharge of its duties, the Review Panel should seek clarifications relating to interpretation of specific provisions of Community legislation from the European Commission.

Article 8

Interaction/ cooperation with other CEBS Expert groups

1. Where appropriate, the Review Panel may ask other CEBS Expert Groups to cooperate in the peer review it conducts.
2. The Review Panel can seek clarifications on the subject under review from the relevant CEBS Expert groups through their Chairs.

Article 9

Interaction/ cooperation with external parties

In conducting a peer review, the Review Panel might seek input from external parties on specific technical issues.

Article 10

Process of approval of the Review Panel final reports

1. For each peer review the Review Panel prepares a final report for submission to CEBS. The Chair of the Review Panel shall highlight any significant difficulty encountered. CEBS approves the final report of the Review Panel.
2. Any member who objects to a specific issue in the Review Panel's findings which refers to the situation of his/her authority or country will not block the submission of the final report to CEBS and may provide explanations to be annexed to the report before its submission to CEBS. Such dissenting opinion is presented in the CEBS meeting by the CEBS authority which drafted it. CEBS may ask the Review Panel to modify the final report should it find for example that a dissenting opinion is well grounded or justified.

Article 11

Publication

1. Once completed, all self-assessments shall be published on CEBS' website on a named basis together with individual responses of CEBS authorities and any other accompanying document that the Review Panel considers necessary to publish at that time. CEBS approval is not necessary. If the Review Panel agrees, for confidentiality reasons, such publications may exclude certain information.
2. Any final report of the Review Panel, once approved by CEBS, with any other accompanying documents CEBS considers necessary for information purposes, shall be published on CEBS' website in full on a named basis together with the individual responses of CEBS authorities. CEBS may after discussing the reasons decide a selective publication of an outcome of the Review Panel by way of exception for example for reasons of confidentiality.

3. Publications of final reports of the Review Panel are not subject to formal consultation.

4. The final reports of the Review Panel may be communicated to EU institutions within the framework of CEBS' accountability towards the EU institutions.

Article 12

Updates

1. Changes or updates to self-assessments made by CEBS authorities will be published as received.

2. The final report of a peer review may be updated as necessary in order to take into account subsequent changes to self-assessments and will be published subsequently.

SECTION III

OTHER PROVISIONS

Article 13

Administrative Support

The Review Panel will be fully supported by CEBS Secretariat which will provide any necessary assistance to the Chair and the members of the Review Panel with the view of facilitating the role, the purpose and the work of the Review Panel.

Article 14

Entry into force of the Protocol

This Protocol shall enter into force on the date it is approved by CEBS Members.
