

## Minutes of the 18 September 2012 Meeting of the Management Board

28 September 2012 / 10:00hrs-17:00hrs

Location: EBA Premises

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

1. The minutes of the MB meeting of 12 June 2012 (EBA MB 2012 073) and of the MB Conference Call meeting of 28 May 2012 (EBA MB 2012 049) were approved.

### Agenda item 2: “Draft 2013 EBA Work Programme”

2. The Chairperson presented the Draft 2013 EBA Work Programme (WP) which described and summarised the main objectives and deliverables of the EBA in the forthcoming year and beyond. He recalled that the draft outline was discussed at the 12<sup>th</sup> June 2012 Management Board meeting, resulting in a draft Work Programme sent to the BoS on 10<sup>th</sup> August 2012.
3. As per the EBA Regulation, the WP should be adopted before 30 September 2012, on the basis of a proposal by the MB for the coming year.
4. MB members expressed their views on the WP and suggested adding a few comments on the cover note to clearly highlight the key areas that the EBA will be working on. They also suggested to indicate some minor changes in the detailed spreadsheet with a view to remedy duplication and/alignment to EBA standing committees and on SME Lending.
5. The MB was updated by the Chairperson on the results of the discussions that took place at the ECOFIN meeting on 14-15 September 2012. Subsequently, MB members exchanged views on the European Banking Union and its potential consequences to the WP. This topic will be further discussed at the BoS meeting of 25-26 September 2012.

## Conclusion

6. The WP was approved subject to some amendments suggested by MB members at today's meeting. The final version of the WP will be submitted to the BoS for decision at its meeting on 25-26 September 2012.

## Agenda item 3: "Recapitalisation Exercise, Transition to CRD/CRR and preparation for the 2013 Stress test"

7. The MB was requested to comment on:
  - the appropriate degree of transparency when publishing the Recapitalisation report, and an additional transparency exercise in 2012 to address outstanding market concerns about residual risks in banks in the absence of a stress test,
  - the appropriate articulation of the transition from the recapitalisation recommendation to a policy of capital conservation monitored by supervisors, and
  - the way to bring together assessments of asset quality across to ensure an analytically sound starting point for the 2013 stress test.
8. As regards the transition, it was agreed to propose the requirement to conserve nominal capital levels when the new CRDIV/CRR capital requirements are formally adopted, and subsequently review banks transition to the new CRDIV/CRR regulatory requirements. In terms of transparency, the Director of Oversight stated that the intention is to provide the market participants with the same level of transparency that was provided in December last year plus information associated with the 2011 stress test. Most MB members agreed on the disclosure of sovereign exposures, but there were questions about the additional information associated with the stress test. However, this issue will be further discussed at the September BoS meeting.
9. On asset quality and stress testing, the Director of Oversight explained that the EBA staff is drafting a note for the September BoS meeting proposing to develop a coordinated asset quality review to effectively underpin the 2013 stress test, to harmonise definitions and establish effective monitoring mechanisms and develop detailed guidelines for undertaking asset quality reviews in a consistent way across the EU. The MB took note and suggested consulting the ECB before the next BoS meeting in this regard. There was a common agreement that an asset quality review would be a complicated and complex project.

## Conclusion

10. It was agreed to propose the requirement that banks conserve nominal capital levels when the new CRDIV/CRR capital requirements are formally adopted, and subsequently review banks transition to the new CRDIV/CRR regulatory requirements as a transitory arrangement from the 9% CET1 capital requirement of the Recapitalisation exercise. Most members supported the publication of sovereign

exposures. The ECB will be consulted on the asset quality review before the next BoS meeting.

#### Agenda item 4: “Information gathering on Bank Deposits”

11. The Director of Oversight introduced this subject by summarising the three potential options to be taken into consideration with regard to the collection of data. It was noted that the three options will require a significant effort from NSAs.

#### Conclusion

12. The MB expressed its preference for option 1.

#### Agenda item 5: Prudential consequences of Bank-Customer/Investor Relationships

13. The Director Oversight explained that due to the different events that had taken place over the last months, consumers’ and investors’ confidence in banks had been undermined. The paper presented to the MB members was intended to highlight controversial issues, in particular, in relation to hidden risks and to identify tools the EBA had and that could be used to improve consumer protection and investor confidence at the EU level.
14. A request from the European Parliament to the EBA was noted which gave higher priority to the consumer protection area.
15. The Executive Director underlined that under the remit of the EBA Regulation, the EBA can conduct analysis in consumer protection with the involvement of the national authorities and issue warnings and guidelines. Conversely, individual investigations by the EBA into conducts are not underpinned by the EBA regulation. With regard to ongoing investigations related to banks, the EBA should coordinate national investigations and facilitate the exchange of information. The MB was also updated on the Euribor case.

#### Conclusion

16. Comments received from the MB members will be incorporated into the paper which will be further discussed at the next BoS meeting.

#### Agenda item 6: “Q&A Process for the CRD/CRR”

17. The MB was invited to express views on the proposed process for addressing practical questions on the CRR/CRD and related BTS and guidelines.
18. Several questions were raised by the MB members concerning: the role of supervisors during the consultation process (role to be enhanced), to include a

reference document regarding the definition of capital, period of time given to the EBA staff to develop a draft response (it should be shorter), criteria used to assign questions as high, medium or low level, involvement of BoS members when applying this criteria and the convenience of limiting the WG to a maximum of 10 national experts.

19. The European Commission supported the proposed process but also pointed out some concerns regarding translation and on the articulation/cooperation between the EBA and the European Commission when drafting the replies to both categories. As a result, the European Commission expressed its wish to be involved in the EBA's responses to category 2 questions.

### **Conclusion**

20. MB's suggestions will be incorporated into the final document which will be submitted for approval at the next BoS meeting.

### **Agenda item 7: "EBA Decision on Public Statement on Consultation Practices"**

21. The Chairperson stated that these two EBA Decisions set out the general framework for the adoption of EBA "regulatory products" and for the related issue of public consultations. These Decisions had already been discussed at the BoS level during 2011.
22. Both Decisions will be submitted for endorsement at the 25-26 September BoS meeting.

### **Conclusion**

23. The MB supported the two Decisions.

### **Agenda item 8: "Administrative & Operational Report"**

24. The Director of Operations briefly explained the most significant developments that had taken place since the last MB meeting in the areas of Human Resources, Budget, Procurement and Office Space. In this regard, 23 people were hired and seven procurement procedures were concluded.
25. It was noted that the questionnaire required by the Budget Committee, the scoring matrix and the updated EBA internal MB report were submitted to the European Commission (DG Budg) for review and consultation on 7<sup>th</sup> August 2012. Comments on these documents were sent by the European Commission to the EBA at the beginning of September. This week the EBA was to send a response to the European Commission's comments.

26. The MB was also updated on the expected surplus of the EBA's 2012 budget. The Executive Director noted that as the NCAs had already contributed 100% to the EBA 2012 budget. Based on an EBA forecast of August 2012, the Commission proposed a budget reduction and to apply the 40/60 key to the forecasted surplus, reducing the Commission's contribution by €737,462. This would imply the reduction of Member states' contribution by €1,106,193 which the EBA proposed to reflect in the 2013 contributions.

### **Conclusion**

27. The MB took note on the developments in the EBA's operations since the last MB meeting in June 2012. The MB will be invited to endorse by written procedure the release of €737,462, representing 3.6% of the overall EBA 2012 budget, to the European Commission.

### **Agenda item 9: "IT Strategy"**

28. The Director Operations presented to the MB Board the IT Strategy followed by a power point presentation.

29. Some MB members expressed their concern about the workload and involvement of IT departments at national level in implementing this Strategy.

### **Conclusion**

30. The MB endorsed the IT Strategy which will also be presented at the next BoS meeting.

### **Agenda item 10: "EBA Reimbursement Policy"**

31. The Director Operations stated that a variety of reimbursement policies for specific groups are currently in place. For this reason, it was decided to consolidate the existing policies into one and make it generic to cater for diverse target groups.

32. As a result, the new policy replaces previous ones and is fully in line with the European Commission's practices.

### **Conclusion**

33. The EBA Reimbursement Policy was approved by the MB.

### **Agenda item 11: "New Organisational Chart"**

34. The Executive Director explained the two main changes compared to the previous Organisational Chart: a) Naming of "Clusters" will be replaced by "Departments" (there will be three departments and below these Departments there will be "Units");

b) Four Units will be created, three of them under the department of Regulation and one under Operations..

#### **Conclusion**

35. The MB approved the EBA Organisational Chart.

#### **Agenda item 12: “Ethics Guidelines”**

36. An updated version of the Ethics Guidelines that was introduced at the last MB meeting for comments was presented. It was noted that all three ESAs are adopting Ethics Guidelines as required by all EU Institutions/bodies.

#### **Conclusion**

37. The MB endorsed the Ethics Guidelines subject to the amendments regarding editorial mistakes which will not affect the content of these Guidelines.

#### **Agenda item 13: “A.o.B”**

- ESFS Review: The MB was updated on the ESFS review. The three ESAs were requested by the Commission to provide some factual information on the broad outline of the European System of Financial Supervision as provided by article 81 of the EBA Regulation.
- Draft agenda for joint BSG/BoS meeting on 25<sup>th</sup> September 2012 and BoS Draft agenda on 25<sup>th</sup> -26<sup>th</sup> September 2012: Both draft agendas were distributed to the MB members. The MB agreed with both agendas.

*Andrea Enria  
Chairperson*

## List of Participants

Andrea Enria	Chairperson
Danièle Nouy	MB member
Andrew Bailey	MB member
Andersson Martin	MB member
Jukka Vesala	MB member
Raimund Röseler	MB member
Fernando Vargas	MB member
Martin Andersson	MB member
Dominique Thienpont	European Commission
Adam Farkas	Executive Director
Isabelle Vaillant	Director Regulation
Piers Haben	Director Oversight
Peter Mihalik	Director Operations
Patricia Juanes Burgos	EBA Staff - Legal