



EBA MB 2018 021rev1

EBA Staff

23 January 2018

Location: London

EBA REGULAR USE

Management Board – Final Minutes

Agenda item 1.: Approval of Agenda and Minutes

1. The Management Board (MB) approved the provisional agenda of the meeting (document EBA MB 2018 001rev2) and the minutes of the MB meeting of 15 November 2017 (document EBA MB 2017 120rev1).

Agenda item 2.: Administrative and Operational Status Report

2. The EBA Director of Operations presented the Administrative and Operational Status Report (document EBA MB 2018 013). He reported a budget execution rate of 95,9% in 2017, and of 98% execution in the carry-forward from 2016. Further, he explained that, with the exception of two procedures that were cancelled, the 2017 procurement plan had been achieved in full. With regard to the 2017 establishment plan, it had also been achieved in full, with 134 temporary agents (TAs) positions filled by the end of the year following the publication of 50 vacancies in 2017. He explained that, further to a request by the Commission's Internal Audit Services, a new chapter on operational aspects of college activities had been included in the Report; but that the EBA would continue reporting to the Board of Supervisors (BoS) on college's in respect of policy matters.
3. The EBA Director of Operations informed that it would be proposed to relocate the IT data centres to Paris in the course of 2018. The current provider would cease to provide services by end-2019, and a procurement procedure to select a new provider would be launched in 2019.
4. The Commission representative asked whether, similar to the Commission, the EBA had a policy on gender balance regarding managerial positions. The EBA Director of Operations informed that there was no formal policy in place, but the EBA has achieved a very good overall gender balance.

Conclusion

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

Agenda item 3.: Overview of Current EBA's IT Projects

6. The EBA Director of Operations gave a presentation on the EBA's portfolio of IT projects (document EBA MB 2018 002). He explained that, although this information had normally featured in regular Administrative and Operational Status Reports, it was decided to present it separately this time to ensure a greater level of transparency of the state-of-play of IT projects and their alignment with the main business objectives. It was explained that some projects, with a very small investment for which a separate financial envelope was not needed, were not included in the overview provided (e.g. ESCB secure email). The MB was informed that, together with the ECB and Bank of Spain, the EBA was putting in place a secured email platform to ensure a greater level of security for email exchanges with competent authorities (CAs).

Conclusion

7. The MB took note of the IT Projects overview.

Agenda item 4.: Agile Project Methodology

8. The EBA Director of Operations requested MB's approval of the Agile IT Project Management Methodology (PMM) (document EBA MB 2018 004). He explained that the Agile PMM would complement, rather than replace, the existing project methodology employed by the EBA for all projects. Agile PMM would provide a more cooperative, iterative and adaptive approach to project management, and would cover the entire lifecycle of projects. To ensure a smooth introduction, a small project would be selected to pilot the Agile PMM.
9. Upon questions from members, it was explained that the adoption of Agile PMM would not impact the current procurement contracts, and that it would not entail any costs as Agile PMM did not require the purchase of any software solutions.

Conclusion

10. The MB approved the Agile PMM.

Agenda item 5.: Update on EUCLID Project Implementation

11. The Executive Director sought MB's views of the establishment and mandate of the new Task Force on EUCLID Implementation (TFEI) (document EBA MB 2018 015). He explained that some coordination issues had been identified with the current governance arrangements. The EBA was discussing with the ECB how to address them, and was waiting to receive ECB's feedback to the proposed TFEI and governance. He noted, too, that issues regarding the sequential approach, identified as crucial to implement EUCLID, were still subject to discussions within the ECB.
12. The Executive Director clarified that, under the proposed new governance arrangements, Standing Committees and sub-groups would still be consulted on areas falling under their

competence, but that the TFEI, that would report directly to BoS, would be in charge of all technical aspects of the project. With these arrangements, the steering of EUCLID would be better coordinated and streamlined. He explained that, under the current governance, the discussion of EUCLID-related matters under different Standing Committees and subgroups was cumbersome and at risk of leading to different views expressed by the same CA, making it quite difficult to progress at a reasonable pace.

13. The governance arrangements within the EBA would also be streamlined with a view to coordinating more efficiently the EBA's internal resources. Some members argued that the new governance arrangements fell short of guaranteeing a fair representation of the different views within CAs and the fact that non-SSM countries had not the same access to the ECB as one of the main players of EUCLID. It was recommended to review the language in the note clarifying that the EUCLID Steering Committee should be in charge only of the EBA internal organisation and project management.

Conclusion

14. The note would be revised in view of the comments and the feedback from the ECB, and the proposed new governance arrangements of the EUCLID project would be discussed, and submitted for approval, at the BoS meeting of 28 February 2018.

Agenda item 6.: EBA Relocation Status Report

15. The EBA Director of Operations informed of the state-of-play of the EBA's relocation to Paris (document EBA MB 2018 011). At present, the main issue was the selection of premises. The European Parliament's Committee on Budgets (BUDG) had not yet clarified whether a market prospecting of premises, other than the two options identified by the French authorities in its offer, would be necessary. In view of this uncertainty, and in the EBA's understanding that it could not reduce the selection of the new premises to the two buildings proposed by the French authorities if it was to comply with the Financial Regulation, he informed that the EBA was in the course of a procurement process to hire the services of a property advisor to conduct such a market prospecting in Paris. Furthermore, it was explained that in the context of the legislative procedure for the amendment of the EBA's founding Regulation regarding the new seat, BUDG had also expressed its views that the EBA should seek synergies with ESMA in sharing premises in Paris.
16. The Commission representative enquired whether any assurances had been received as to whether the 7 million Euros offered by the French authorities in its offer would be maintained should the EBA select a different building than the two identified in the offer; and the form in which the subsidy would be paid to the EBA. The Executive Director noted that the EBA would seek to clarify with the French Treasury the terms of such financial subsidy. He also said that one of the risks of delaying the selection of premises would be the timeline for their fit-out, that should start by summer 2018 in order to have the offices operationally ready by end-March

2019. The Chairperson noted the continuous support of the French authorities and their willingness to engage with the EBA for a smooth, seamless transition to the new seat.

17. Other matters discussed with the MB were, a) the publication by end-January of a generic vacancy for 10 profiles that would allow the EBA to build up a reserve list from which to draw candidates to fill vacancies in the event of resignations of current staff; and b) the planning stage of the data centre migration project would be due for completion by February 2018.

18. Some members expressed their concern with the risks identified (delay of selection and fit-out of premises; staff relocation; and data centres migration). The Executive Director explained the supportive actions to be provided to staff members; and said that the next relocation status report would include a thorough timeline for all critical processes.

Conclusion

19. The MB took note of the relocation status report. The EBA would seek to clarify with the French authorities the terms of the financial subsidy included in the offer submitted to the Council.

Agenda item 7.: Proposal for Filling Two BSG Positions

20. A proposal to renew the term of two members of the Banking Stakeholder Group (BSG) in the category 'consumers' was presented to the MB (document EBA MB 2018 005).

Conclusion

21. The MB supported the proposal, which would be submitted to the BoS for final approval.

Agenda item 8.: Call for Interest for BSG Renewal

22. The Chairperson sought the MB views on a proposal to renew the BSG, whose third term would expire on 14 October 2018 (documents EBA MB 2018 006, 007, 010). He explained that some adjustments had been added to the proposed Call for Interest relative to the last renewal, namely, the introduction of investment firms under the category 'credit and financial institutions'; a broader publication of the call for interest; and the removal of the requirement that individuals be EU nationals.

23. Members supported the proposed call for interest. There was an explicit request to try to achieve a greater gender balance in the new BSG composition. With regard to the category 'top-ranking academics', members discussed the conditions under which conflicts of interests would be present, in particular, whether their membership of boards of financial institutions should be treated as conflict of interests. It was concluded that a judgement would be made on a case-by-case basis further to the assessment of the applications received; and that the wording of the category-specific criteria would be slightly modified to only require independence from interests of credit and investment institutions.

24. The Commission representative informed that the Commission services were discussing the requirement in the EBA founding Regulation that the BSG be composed of members representing in balanced proportions credit and investment institutions ‘operating in the Union’, with different interpretations as to how that requirement should be understood in a post-Brexit context. He would revert to the EBA with a possible alternative wording to be inserted in the Call for Interest in relation to that requirement.

Conclusion

25. The requirement of independence of top-ranking academics would be slightly amended; and the Call for Interest would be amended to include an explicit reference to the requirement ‘operating in the Union’.

Agenda item 9.: Roadmap of EBA’s Work on Brexit

26. The EBA Director of Oversight presented the EBA’s work on Brexit-related matters and the 2018 plan of deliverables and timelines, focused on risks and regulatory issues, and supervisory cooperation with the UK. Members welcomed the presentation, which was very much in line with previous discussions at BoS-level.

27. The Commission representative informed the MB of the current state of affairs at Commission-level. He said that a transitional deal would only be confirmed in the withdrawal agreement. He said that the Commission intended to publish a series of notices on the consequences of Brexit in the area of financial services in the event of no transitional agreement.

Conclusion

28. The EBA would start preparatory work at Standing Committee and subgroup level, in an EU27 format.

Agenda item 10.: EBA’s Proposal on Outsourcing Guidelines

29. The Chairperson explained the plans for the updating of the CEBS Guidelines on outsourcing (document EBA MB 2018 014). He noted that the update would touch upon various areas, notably a broader scope (although limited to regulated/supervised entities) and a clarification with regard to other regulatory products, e.g. the guidelines on cloud outsourcing would be brought within the remit of the outsourcing guidelines. Moreover, the supervisory experience gained over the past years in their application would be reflected in the updated version. He explained that although it would be ideal to tend towards harmonisation of outsourcing approaches within the EU (and given that PSD2 provided for maximum harmonisation rules applicable to payment institutions), it would be difficult to fully align the divergent supervisory processes. In view of Brexit, it would be necessary to provide CAs with a common approach to outsourcing rather promptly.

30. Members welcomed the way forward on the update of the guidelines on outsourcing. It was requested that the guidelines be applicable to investment firms, which was not expressly mentioned in the note; that they should include other prudential issues such as concentration risk; and that back-to-back transactions should be included for these were part of the intragroup outsourcing, an area caught by the guidelines. There was also a request to embed proportionality within the guidelines, and to remove the reference to outsourcing to branches (paragraph 22 of the note).

31. With a view to clarifying the different outsourcing arrangements that could take place, the EBA was invited to prepare a document reflecting the applicable rules for different scenarios, e.g. outsourcing within entities belonging to the same group; and between entities established in the EU, and entities established outside the EU.

Conclusion

32. The MB supported a broader scope of application of the guidelines on outsourcing, however it should be necessary to make sure about the legal basis for their application. Proportionality would be embedded in the guidelines, and other prudential aspects (concentration risk) would be included. The consultation paper on the review of the guidelines on outsourcing should be published, ideally, before summer 2018 such that the final guidelines could be adopted before end-2018.

Agenda item 11.: Provisional Agenda BoS 28 February 2018 Meeting

33. Members were invited to comment on the draft agenda for the BoS 28 February meeting (document EBA BS 2018 006). There was one request to discuss the timely implementation of the final Basel Committee's standards, and the way forward on cryptocurrencies taking into consideration the work conducted by the EBA in the past (Opinion on virtual currencies of July 2014). The Chairperson noted that the Joint Committee of the ESAs would discuss cryptocurrencies at its meeting of early February, further to which the BoS would be informed; moreover, the EBA would start some preparatory technical work on the matter.

Agenda item 12.: AoB

34. No matters were discussed under AoB.

END OF MEETING

Andrea Enria

Chairperson

Participants at the Management Board meeting

23 January 2018

Chairperson Andrea Enria
Alternate Chairperson Pedro Duarte Neves

<u>Country</u>	<u>Member/Alternate</u>
Belgium	Jo Swyngedouw
Denmark	Anne-Sofie Reng Japhetson
France	Édouard Fernández-Bollo
Italy	Luigi Federico Signorini
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

Philippe Allard; Corinne Kaufmann; Christopher Mills; Santiago Barón Escámez