

14 February 2011

Minutes of the first EBA Board of Supervisors meeting

London, 12th January 2011

Agenda item number 1: Opening and approval of the agenda

The oldest member, acting as Chairperson opened the meeting. EBA members approved the agenda (EBA BS 2011 001).

Agenda item number 2: Procedural decisions

The Acting Secretary General introduced the Rules of Procedure for the Board of Supervisors (BoS) noting small changes since the CEBS discussion in December including a change from 5 to 4 meetings per year, clarification on the simple majority of voting members, clarification of the election process for members of the Management Board and the Alternate Chairperson and additional information about the length of service of Management Board members, with half serving 1.5 years and the other half 2.5 years to ensure continuity.

Some members asked for some clarification on 2.7, which states that non voting members would not be present for discussions of individual institutions except where there is a direct interest. They requested that explicit mention be made of some central banks' direct interest. This change was accepted.

One member asked whether papers could be circulated ten days ahead of meetings instead of the 5 days mentioned. Members decided to remain at 5 days for practical purposes.

One member asked that 14.3 be changed to explicitly state that there should be a vote before any recommendation was made public. Members felt that this was implicit in the vote on the decision itself and left the text unchanged.

One member asked whether Management Board agendas, minutes and papers could be circulated to the (BoS). Members agreed that agendas and minutes should be circulated but not necessarily all papers.

Members then adopted the Rules of Procedure of the BoS (EBA DC 001).

Agenda item number 3: Elections

Members adopted the supplementary rules of procedure for the selection of the Chairperson and Executive Director (EBA BS 2011 002).

Election of the Alternate Chairperson

Members adopted the notice on the selection of the Alternate Chairperson and Management Board (EBA BS 2011 004). After an introduction, members voted in a secret ballot. The result was a simple majority for the candidate and Thomas Huertas was appointed Alternate Chairperson. Mr Huertas took over the Chair of the meeting at this point.

Election of the Chairperson

Members adopted the notice on the selection of the Chairperson and Executive Director (EBA BS 2011 003). The Acting Secretary General announced that the candidate shortlist for the EBA Chair had been approved by the College of Commissioners and this was a formal vote.

The sole candidate for the position, Andrea Enria, was invited to give introductory remarks and was then questioned by the Chair and four members of the EBA BoS.

Members then undertook a secret ballot to select the Chairperson. The result was a simple majority and Andrea Enria was selected by the EBA Board of Supervisors as the Chairperson of the EBA, subject to non objection by the European Parliament.

Election of the Management Board

Reference was made to the Governing Bodies of the EBA Biographies (EBA BS 2011 005).

The Interim Executive Director reminded members about the importance of appropriate seniority in the Management Board.

Nominees for the Management Board then introduced themselves in alphabetical order after which members undertook a secret ballot.

The six highest voting candidates were successful. Members agreed that the highest scoring two candidates would serve 2.5 years and the Management Board would agree which of the two next scoring candidates would serve the longer term when that time came.

Agenda item number 4: Tour de table on Regulatory developments and vulnerabilities

The Irish member updated EBA members on developments in Ireland and the EU Commission provided an update on regulatory developments.

The Chairperson noted that this agenda item would be a regular one on the EBA BoS agenda and more time would be devoted to this going forward.

Agenda item number 5: EU wide stress testing

Members discussed the 2011 EU wide stress test (EBA BS 2011 006). Members were updated on the discussion at the EFC on 10th January based

on a draft letter from Thomas Wieser, which was circulated to members. Members then discussed the issues as outlined in the EBA staff note.

There was an exchange of views on publication of results, with members noting significant concerns about publication on a bank by bank basis. However, most members also noted that publication was at this point probably the best course of action in the circumstances and that the EBA should make this decision for itself. Members agreed to pursue publication of bank by bank results and the EBA's view would be outlined in a press release and that the EBA would publish results subject to an ex ante commitment from ECOFIN that effective backstop measures would be in place to deal with banks that fail to meet the test.

Members also asked that no dates be given regarding publication of the stress test methodology.

Members agreed that the sample of banks would be similar to the 2010 exercise but would be finalised by written procedure by the end of January. The scenarios used would also be finalised by written procedure. Both issues would be discussed at the stress testing expert group on 19th January. The sovereign component of the exercise would be discussed separately, probably at the 2nd March Board of Supervisors meeting,

Finally, members lent broad support to the peer review process as outlined but strongly recommended splitting out any discussion of Mitigating Action Plans (MAPs) from the process of reviewing results. Some members also noted that the production of MAPs for all banks in the sample went beyond the mandate of the EBA and asked that this issue be discussed at a future BoS meeting. The ECB and the EU Commission underlined the importance for them to be involved in the peer review process.

Agenda item number 6: Decision on data requirements

Members were asked to approve the reporting requirements decision (EBA BS 2011 007 and EBA 2011 007 Annex). Members discussed the Key Risk Indicators (KRIs) and the data required to produce them. Members had previously voiced a request that the data be streamlined as much as possible. Some members raised concerns that there was no obligation to implement FINREP in the past, so they lack historical data and therefore can only provide this data on a best efforts basis. The chair of the EGFI indicated that not all jurisdictions collect quarterly COREP and FINREP data. Sweden had circulated a note asking that the discussion focus on the outcome of the KRIs. To that end the EBA staff had circulated a list of KRIs containing core indicators and supplementary indicators.

Members agreed that they would review the list of KRIs by written procedure by 19th January to Christoph Kuhn. The reporting templates were agreed in principle but would be finalised, based on comments received on the list of KRI's, whereby the final reporting templates would be checked against the final KRI's and in principle would not be larger than those proposed in the EBA staff paper. One member also raised a question about the sample of banks proposed to collect and would follow up bilaterally with the EBA staff.

Agenda item number 7: Key EBA priorities and work programme

Members approved the EBA work programme and priorities for EBA work (EBA BS 2011 008 and EBA BS 2011 008 Annex). The EBA staff was asked to further indicate the work to be undertaken in 2011 for deliverables that only materialise after 2011.

Agenda item number 8: EBA Budget 2011 and accompanying financing decisions

Members adopted the EBA budget and accompanying financing decisions (EBA BS 2011 009 and EBA DC 002), including on the financing of the expenditures of the EBA for 2011 by members and the EU Commission. Members reached a decision on the financing of expenditures of the European Banking Authority for 2011.

Agenda item number 9: Membership organisation

Members discussed the membership organisation as proposed and which will come into place in March 2011. One member noted that the organisational set up should include a specific committee on financial innovation which was agreed. With that change members agreed the structure (EBA BS 2011 010 and EBA BS 2011 010 Annex).

Agenda item number 10: Agreement on meetings scheduled for the BoS 2011

Members noted the proposed dates for future BoS meetings in 2011:

- Wednesday 2 March 2011
- Wednesday 8 and Thursday 9 June 2011
- Wednesday 5 October and Thursday 6 October 2011
- Wednesday 7 and Thursday 8 December 2011.

They noted that the first meeting might only take place on the 2nd March and agreed to send written comments to the EBA on the suitability of these dates by 19th January.

Agenda item number 11: AOB

There was no other business and the meeting was adjourned.

Participants at the first meeting of the Board of Supervisors

London, 12 January 2011

Alternate chair Thomas Huertas

Acting Secretary General Arnoud Vossen

Interim Executive Director Olivier Salles

<u>Country</u>	<u>Voting members or alternate</u>	<u>Representative NCB</u>
Austria	Michael Hysek	Andreas Ittner
Belgium	Rudi Bonte	Peter Praet
Bulgaria	Rumen Simeonov	
Cyprus	Costas Poullis	
Czech Republic	David Rozumek	
Denmark	Ulrik Nodgaard	Birgitte Sogaard Holm
Estonia	Raul Malmstein	
Finland	Jukka Vesala	Kimmo Virolainen
France	Daniele Nouy	
Germany	Sabine Lautenschlager	Erich Loeper
Greece	Ioannis Gousios	
Hungary	Karoly Szasz	Marton Nagy
Ireland	Jonathan McMahon	
Italy	Giovanni Carosio	
Latvia	Irene Krumena	Vita Pilsuma
Lithuania	Kazimieras Ramonas	
Luxembourg	Claude Simon	Norbert Goffinet
Malta	Karol Gabaretta	Anthony Cortis
Netherlands	Henk Brouwer	

Poland	Andrzej Stopczynski	
Portugal	Pedro Duarte Neves	
Romania	Nicolae Cintaza	
Slovakia	Vladimir Dvoracek	
Slovenia	Stanislava Zadavec Capriorolo	
Spain	Francisco Javier Ariztegui	
Sweden	Martin Ardesson	Olof Sandstedt
UK	Thomas Huertas	Victoria Saporta

Country

Observers

Iceland	Gunnar Anderssen
Liechtenstein	Rolf Bruggeman
Norway	Bjorn Skogstad Aamo

Institutions

Representatives

European Commission	Mario Nava
European Central Bank	Mauro Grande
ESRB	Andrew Haldane
EIOPA	Carlos Montalvo
ESMA	Carlo Comporti