



EBA MB 2015 099rev1

EBA Staff

16 November 2015

Location: London

Management Board – Final Minutes

Agenda item 1.: Opening and Approval of Agenda and Minutes

1. The Chairperson opened the meeting of the Management Board (MB). The MB approved the provisional agenda and the minutes of the MB meeting of 15 September 2015 (document *EBA MB 2015 078*).
2. He informed the MB that, in light of the expiry of the second mandate as MB member of Raimund Roeseler (Bafin) and of the first mandate of Jan Sijbrand (De Nederlandsche Bank) and Andrzej Reich (Komisja Nadzoru Finansowego), the Board of Supervisors (BoS) would hold an election at its meeting of 08-09 December 2015. Likewise, an election would be held for the position of alternate Chairperson in light of the expiry of the first mandate of Pedro Duarte Neves (Banco de Portugal).

Agenda item 2.: Administrative and Operational Status Report

3. The EBA Director of Operations presented the administrative and operational status report (document *EBA MB 2015 089*) covering EBA activities since the latest MB meeting. Further to a request by members at the previous meeting of 15 September 2015, he informed the MB that the EBA would start launching its own procurement procedures for the editing and proof-reading of translations with a view to reducing their costs; with regard to translations, he noted that the EBA was still waiting for a confirmation of whether the *CdT* fees could be reduced.
 4. Moreover, the EBA Director of Operations informed the MB that the conciliation procedure between the budgetary authorities for the approval of the 2016 budget had concluded on Friday 13 November and that the final figures for the EBA's 2016 budget should be soon received. In anticipation of a final budget lower than that requested by the EBA for 2016, the Chairperson informed that a MB teleconference should be organised after the BoS meeting of 08-09 December 2015 with a view to discussing the reprioritisation of the 2016 Work Programme and its impact on the 2017 Single Programming Document to be adopted by the MB and BoS in January 2016 and submitted to the Commission by end-January 2016.
-

5. Regarding the procurement plan 2015, the EBA Director of Operations explained the rationale for the recruitment of interim staff for IT projects under a framework service contract.
6. The Commission representative inquired about two discrepancies concerning, a) the number of staff reflected in the draft budget 2016 comparison table and in the recruitment table as to 31/10/2015, and b) average number of training days per staff member.

Conclusion

7. The MB took note of the administrative and operational status report.

Agenda item 3.: Revised Decisions on HR Matters

8. The MB was asked to approve two revised decisions on staff matters, namely on payment of the EBA nursery and pre-education contribution (document *EBA MB 2015 084*) and payment of the EBA education contribution (document *EBA MB 2015 083*). The changes introduced intended to align the EBA's practice with that of the Commission's PMO services, in the case of the EBA nursery and pre-education contribution, and to clarify certain provisions to avoid ambiguities, in the case of the EBA education contribution.
9. The Commission representative noted that the Commission's Directorate-General Human Resources and Security (DG HR) viewed that both decisions could be considered as implementing rules of the Staff Regulations and that, in that case, it should have been consulted. Further this was still being discussed and the EBA would be informed as soon as possible of Commission's view.

Conclusion

10. The MB approved both revised decisions, conditional on the confirmation by the Commission services. The MB would be informed thereof and if needed, both decisions would be resubmitted for approval.¹

Agenda item 4.: Risk Assessment in EBA

11. The Executive Director informed that the EBA had conducted its first Risk Assessment exercise (document *EBA MB 2015 088*) since the approval, in November 2014, of the Risk Management business process definition and guidelines. The EBA had identified four critical risks, two high risks, and had proposed mitigation measures. He also informed that the Commission's Internal Audit Service (IAS) would conduct a full IAS Risk Assessment in February 2016 which would cover all EBA administrative, financial, operational and IT processes; the EBA Risk Assessment process would fall under this assessment.

¹ By e-mail of 24 November 2015 the EBA received the confirmation of the Commission services that such an agreement was not necessary. The EBA informed the Management Board by email of 26 November 2015, and confirmed that the approval of both decisions by the Management Board at the meeting of 16 November 2015 was valid.

12. One member asked the EBA to reflect further on the assessment of impact and probability of the risks identified as critical, as well as to consider reassessing upwards the risk concerning the loss of key staff, in particular noting that it was not aligned with the risk exposure matrix.
13. Another member considered that it would be necessary to look at the EBA's general framework to identify specific, potential events and the relevant measures to address them, rather than looking at general, policy-oriented events. The EBA Director of Operations explained that, in the particular case of IT, there was a specific plan describing the possible risks and measures to minimise them; and that the EBA also had a business continuity plan to deal with such contingencies. He agreed however that the more a risk was described in general terms, the less actionable any measure would be. He suggested taking this forward with the Commission's IAS with a view to receiving its guidance in the context of the planned Risk Assessment in February 2016.
14. One member argued that it was important to identify risk owners and not only the actions to address those risks. Moreover, the Commission representative pointed at a few discrepancies between the risk assessment report and the annexes.

Conclusion

15. The MB took note of the risk assessment report, which would be updated to reflect the comments raised. The EBA would keep the MB informed of the outcome of the Commission's IAS Risk Assessment.

Agenda item 5.: Draft 2017 Single Programming Document

16. The Executive Director presented the draft 2017 Single Programming Document (the 2017 SPD) (document *EBA MB 2015 091*), based on the EBA's Financial Regulation and which comprised of the annual and multi-annual work programme, EBA HR policies and resources allocation, and EBA financial resources. He explained that some Key Performance Indicators (KPIs) had been included to measure the efficiency gains in the coming years. He invited the MB to comment on the proposal; the BoS would then discuss it at its meeting on 08-09 December 2015, further to which it would be adopted formally in January 2016 for final submission to the Commission by end-January 2016.
17. Members praised the 2017 SPD for providing a comprehensive overview of the EBA that could help further thinking on the work programme re-prioritisation. They noted a few inconsistencies in the document that should be corrected. On KPIs, they opined that the EBA should be careful in their definition, also noting the lack of sanction-type measures to influence their achievement. In particular, a member noted that the EBA did not have much control over the KPIs on number of critical and important audit recommendations received; and questioned the appropriateness of the KPI on the number of visits to the EBA website. The member also noted that some alignment between KPIs and the EBA Risk Assessment was

necessary, in particular in light of the latter not including the exposure to exchange rate among its risks.

18. On the 2017 activities, they viewed that the objective of the EBA playing a central role in the regulation and policy framework with the development and maintenance of the Single Rulebook, and to promote the convergence of supervisory practices to a high standard including provision of training to CAs so as to ensure that regulatory and supervisory rules are implemented equally across all Member States, should be considered the top priorities and sufficient resources be allocated to them. Some members suggested prioritising this work.
19. In view of the budget situation, the Commission representative requested that the 2017 SPD be adjusted, noting that the EBA's establishment plan would not include a number of staff as anticipated by the EBA for 2016, which in turn could have an impact on the deliverables in 2016 and 2017. He asked to reassess the remarks on redeployment of staff.
20. In terms of alignment of tasks and resources, the Chairperson expressed his preference for an approach whereby the actual number of tasks would determine the number of staff required to deliver them. He suggested including in the 2017 SPD all those legally mandated tasks and others which the EBA viewed achievable during the year; should the Commission propose a reduction of resources, the EBA would then communicate in September to the European Parliament and the Council a re-prioritisation of tasks based on the Commission's proposal, when the EBA should formally publish its Work Programme. This would in turn be adjusted based on the final budget as approved by the budgetary authorities in December. The MB supported this approach and noted that this should help better illustrate the cumulative effect over time that the constraints on resources would have on the EBA deliverables.

Conclusion

21. The 2017 SPD would be reviewed in light of the 2016 budget (see agenda item 2). Members were invited to send to the EBA their comments on the 2017 SPD and KPIs.

Agenda item 6.: Updated EBA Regulatory Dashboards

22. The Chairperson presented the updated regulatory dashboards which reflected the planning of the regulatory work up until end-2016. He also informed the MB of the state of play of the Commission's bundling of BRRD-related technical standards (TS), which would be assessed by the EBA to confirm whether there were any substantial changes. He noted that the comments by the Commission services did not circumscribe to the formal bundling but also included comments on the substance, despite those TS having been subject to an earlier legal review.
23. The Commission representative mentioned that the Commission services would reconsider carrying out an early legal review of EBA TS in case the European Parliament would finally decide to review them as well; the early legal review was intended to gain time in the endorsement procedure, but that would not be the case anymore should an additional review take place.

Conclusion

24. MB Members were invited to send their comments on the regulatory dashboard, further to which it would be circulated to the BoS. The EBA would discuss with the other ESAs the Commission's early legal review at the next meeting of the Joint Committee.

Agenda item 7.: EBA's stance on Internal Models: Follow up to the November GHOS Meeting

25. The Chairperson referred to the discussion on the revision of the risk weights (RW) regime at the latest meeting of the BCBS Group of Governors and Heads of Supervision (GHOS) on 09 November 2015. The declared intention was to complete the changes by end-2016 which would include the adoption of a so-called hybrid approach. Inter alia, GHOS had discussed the application of the Standardised Approach (SA) to sovereign exposures, financial institutions and large corporates while retaining IRB for retail and SME portfolios. The objective of the ongoing revisions to the risk-weighted framework was to not significantly increase capital requirements, although the Chairperson and some members noted that moving some portfolios to the SA would likely lead to an increase in capital.

26. With a view to possibly coordinating an EU stance at the BCBS table, the Chairperson invited members to express their views on a number of issues, namely on a) treatment of sovereign exposures, b) treatment of large corporates and financial institutions, c) treatment of SME, retail mortgage, specialised lending, and d) the possibility of an overall RW floor of 80% of the SA or in the alternative, a more granular approach for credit, market and operational risk.

27. Different views on changes to the Standardised Approach and to IRB were expressed by the members. It was considered that any review of the IRB approach should primarily tackle variability issues, as it continued being a major source of concern for supervisors.

Conclusion

28. A discussion with the BoS members participating at the BCBS would possibly be held ahead of the BCBS meeting of 01-02 December 2015 to exchange views on the proposals put forward by the BCBS.

Agenda item 8.: Meetings of the Management Board in 2016

29. The Chairperson informed the MB of the 2016 calendar of meetings of both the Management Board and Board of Supervisors. In light of the number of regulatory products to adopt in 2016, he reminded the MB of the importance that members attend the BoS meetings to ensure that the required quorum and majorities be achieved.

Agenda item 9.: BoS December 2015 Meeting - Provisional Agenda

30.The MB discussed the provisional agenda for the BoS meeting of 08-09 December 2015. The agenda would be circulated to the BoS in the next days.

Agenda item 10.: AoB

31.The Chairperson asked members whether, in view of the resignation of the Chair of SCConFin Subgroup on Consumer Protection and an unsuccessful call for candidates, they would object to a candidate proposed by the Central Bank of Ireland, noting that the SCConFin Chair was from the same competent authority. The MB did not object to the proposal.

END OF MEETING

Andrea Enria

Chairperson

**Participants at the Management Board meeting
16 November 2015**

Chairperson Andrea Enria
Alternate Chairperson Pedro Duarte Neves

<u>Country</u>	<u>Member/Alternate</u>
Germany	Raimund Roeseler
Italy	Luigi Federico Signorini
Netherlands	Olaf Sleijpen
Poland	Andrzej Reich
Spain	Cristina Iglesias-Sarria
United Kingdom	Sasha Mills

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

EBA Staff

Executive Director	Adam Farkas
Director of Operations	Peter Mihalik
Director of Oversight	Piers Haben
Director of Regulation	Isabelle Vaillant

Lars Overby; Corinne Kaufman; Santiago Barón Escámez