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# Draft RTS and ITS on the functioning of supervisory colleges

Public hearing, 28 June 2023

## Agenda

-  Legal basis and background
-  Most notable updates – CRD V related
-  Most notable updates – EBA initiative
-  Public consultation - deadline
-  Timeline and next steps
-  Questions for consultation
-  Questions and comments from participants

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  - via the chat function in Teams; or
  - email (EBA-LearningHub@eba.europa.eu)

# Legal basis and background - I

These draft technical standards (TSs) have been developed in accordance with **Article 51(4) and Article 116(4) of Directive 2013/36/EU**, which mandates the EBA to develop draft RTS\* and ITS\*\* on the functioning of supervisory colleges.

➔ The RTS and ITS were adopted in 2015

## Commission Delegated Regulation (EU) 2016/98 (RTS)

General conditions for the establishment and functioning of colleges of supervisors

## Commission Implementing Regulation (EU) 2016/99 (ITS)

Important procedures to structure and facilitate interaction and cooperation between the consolidating supervisor and Competent Authorities (CAs)

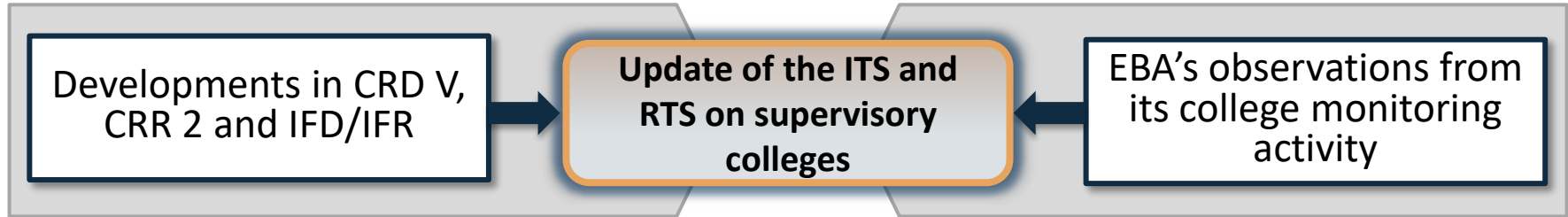
- Annex I: Mapping Template
- Annex II: Template on written coordination and cooperation arrangements (WCCA)

\*Regulatory Technical Standards (RTS)

\*\*Implementing Technical Standards (ITS)

## Legal basis and background - II

These TSs have been updated to channel in:



The main objective of the update of the RTS-ITS is to ensure that

- the RTS-ITS is in line with the L1 framework;
- information exchange within the college, as well as with observers is enhanced;
- colleges are effective and efficient in identifying emerging risks in case of an event of adverse material impact;
- colleges utilises the possibility for “entrustment of tasks and delegation of responsibility”.

They all **contribute to** achieving a **supervision of cross-border banking groups**, which is more **efficient, effective** and **relies on timely and well-informed supervisory responses** and protect financial stability in the EU.

# Most notable updates – CRD V related - I

## Changes in the definition of institution/credit institution

- **Systemic investment firms under ‘credit institution’**
- **‘Institution’ covers FHCs\* and MFHCs\*\* as well as Article 1(2) and 1(5) investment firms**

- ✓ Inclusion of such entities in the mapping exercise
- ✓ Supervisors of these entities shall be requested to become members of the supervisory college

\*financial holding companies

\*\*mixed financial holding companies

Public hearing on the Draft RTS and ITS on the functioning of supervisory colleges

## JD on additional own funds requirements and guidance

**Joint decision on P2R and P2G in supervisory colleges**

- ✓ Updates related to additional own funds requirements and guidance (P2R-LR, P2G and P2G-LR) in the information exchange between colleges members and, where relevant, with observers.

## Third country related amendments

**IPU\* Framework and cooperation - Two or more institutions shall have a single IPU established in the Union (or potentially two) - two supervisory colleges might be set up**

- ✓ Inclusion of such cases in the mapping exercise
- ✓ Extension of observership to the consolidating supervisor of the second college to ensure link between the two colleges (mandatory invitation to become observer)

**Article 116(1a) colleges - Colleges of supervisors where all cross-border subsidiaries of an EU parent institution have their head offices in third countries**

- ✓ Inclusion of such cases in the mapping exercise
- ✓ Extension of observership to the 3rd country supervisory authority (mandatory invitation to become observer, but confidentiality requirements must be met)



Closer cooperation with third country supervisors

## Cooperation with resolution authorities and AML/CFT supervisory authorities

**Resolution authority: Cooperation should go beyond the preparation of resolution plans**

**AML/CFT supervisory authority: Enhance the cooperation and information exchange between the respective authorities (for their respective tasks)**

- ✓ Extension of observership to the group-level resolution authority (GLRA) and lead supervisor of the AML/CFT college (mandatory invitation to become observer)
- ✓ Involvement of the GLRA and the lead supervisor of the AML/CFT college in the meetings, when relevant
- ✓ Extension of information exchange where it is relevant for the performance of the task of the GLRA and the lead supervisor of the AML/CFT college

## Most notable updates – EBA initiatives



**Setting-up of supervisory colleges**

Clarification of the importance of the subsidiaries for the local markets

Meetings can also be held in virtual format

Participation of observers in meetings

Improvement of the provisions concerning entrustment of tasks and delegation of responsibilities in the college

Consent to the WCCA clarified

Clarification on the terms of participation of observers to be included in the WCCA

**Operational aspects of colleges of supervisors**



# Most notable updates – EBA initiatives

## Information exchange in supervisory colleges

The scope of information to be shared has widened (e.g. conditions for the application of EIM\*, adverse developments in markets)

New Articles on **Information exchange between the consolidating supervisor and the observers** → further clarification on the information to be provided to the observers, in particular to the GLRA.

Requirements to exchange information in case of an **Event of adverse material impact on the risk profile** (also with observers)

Closer cooperation with the GLRA in going concern and in emergency situations (e.g. list of mandatory information items to be shared with the GLRA, GLRA's input on the management of the emergency situations shall be considered in the coordinated supervisory response)

In Annex II - Indicative template for information sharing in case of an event of adverse material effect on the risk profile

\*Early intervention measures

## Public consultation - deadline

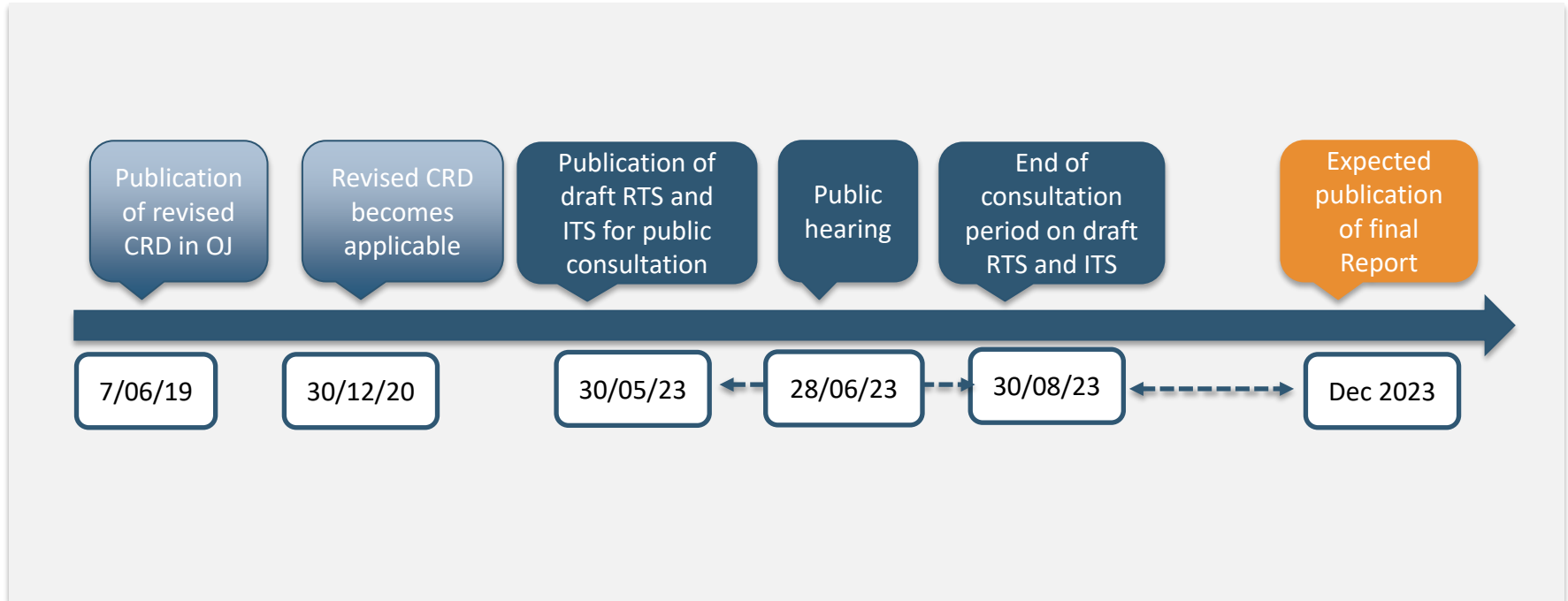
The public consultation is open until

**30 August 2023** at

[Consultation on RTS and ITS on supervisory colleges under CRD | European Banking Authority \(europa.eu\)](#)



# Timeline and next steps



# Questions for consultation



Q1: Do you agree with the preferred option for the combination of the two decisions that have been proposed in section 5.1? Do you have any concerns regarding the preferred option for the combined two decisions?

Q2: Do you have any other **suggestions** with regard to **the information items to be exchanged in an event of adverse material effect on the risk profile of the group or its entities** other than the ones mentioned in the Annex II of the new Implementing Regulations on supervisory colleges?

Q3: **What kind of information would you expect to be exchanged from the prudential college to the resolution college in an event of adverse material effect on the risk profile of the group or its entities?** One could consider situations as the Covid-19 pandemic and the Russian invasion of Ukraine. Please note that it is assumed that in this situation there is not an emergency situation declared.

Q4: Do you have any suggestions how the consolidating supervisor or the member of the college can prepare for **identifying tasks for entrustment and potential delegation of responsibilities** in the context of the college supervisory examination programme?

Decision 1: Mandatory observership in the supervisory college

Decision 2: Exchange of information in certain events

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## EUROPEAN BANKING AUTHORITY

Floor 24-27, Tour Europlaza  
20 Avenue André Prothin  
92400 Courbevoie, France

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Tel: +33 1 86 52 70 00

E-mail: [info@eba.europa.eu](mailto:info@eba.europa.eu)

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<https://eba.europa.eu/>