



Committee of European Banking Supervisors

Selection of a service provider for the “Information
Exchange and Analysis IT Platform”

Request for Proposal

28 April 2010

The intention is to make a final decision with regards to the successful Advisor on 27th May 2010. RFP Responses will form part of any final contract.

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1 Background information

1.1 The Committee of European Banking Supervisors

The Committee of European Banking Supervisors (CEBS) gives advice to the European Commission on policy and regulatory issues related to banking supervision. It also promotes cooperation and convergence of supervisory practice across the European Union, especially through the development of guidelines and recommendations, addressed both to credit institutions and national supervisors. In addition, CEBS contributes to the consistent implementation of these guidelines and recommendations through trainings etc and promotes a common application of Community legislation through peer reviews and other tools. Since 2009, CEBS has been tasked to provide regular bank sector analysis and perform assessments on risks, vulnerabilities, etc on the banking sector and reports its outcomes periodically to the EU political institutions.

In its early years, CEBS focused on the implementation of the Capital Requirements Directive (CRD) which is based upon Basel II. Since 2008, all banks in the EU need to apply this new directive in full. Since the second half of 2007, many resources have been focused on activities related to the regulatory and supervisory consequences of the crisis and on deliverables connected to further changes of the supervisory framework.

The CEBS consists of a Secretary and a Bureau. The Role of the Bureau is to prepare and discuss matters of strategic importance. It gives advice and assists the Chair and the Committee in budgetary and administration matters. Besides, the Secretary is operationally responsible to carry out the duties of the CEBS. The Committee is meeting periodically in full and this is referred to as 'the plenary'.

We refer to the CEBS website (www.c-ebs.org) for more background to the CEBS organisation and its tasks.

1.1.1 *Current role and developments*

More recently CEBS has been involved in the expected changes in the institutional arrangements that anticipate a changeover from CEBS to the future European Banking Authority (EBA) by the end of 2010. The current role of CEBS will be strengthened in the new European supervisory framework. Within the European System of Financial Supervisors (ESFS) and the European Systemic Risk Council (ESRC) CEBS will play a crucial role in the area of micro-prudential and macro-prudential supervision of the European banking sector respectively.

One of the defined responsibilities is the aggregation of micro-prudential information emanating from national supervisors. This information will become available for the supervisory authorities in the colleges of supervisors or other relevant supervisory authorities from outside the EU and will be shared in aggregated and/or anonymous format with the ESRC. In addition, CEBS will perform peer group analyses for its members as well.

1.1.2 *Challenge*

In this respect, CEBS is currently in the preliminary stage of developing a solution to collect, store, analyze and distribute FINREP and COREP micro-prudential data and possible macro-economic data. FINREP and COREP data will be provided by the national banking supervisors. At the same time, the relevant supervisors will get access to certain parts of the database.

1.2 Scope of tasks and powers from EBA and ESRB

According to the current proposal regarding the set-up of the EBA, the Authority shall have the right to request all necessary information in order to effectively carry out its duties. To avoid duplication of reporting obligations for financial institutions, that information should normally be provided by the national supervisory authorities who are closest to financial markets and institutions. However, the Authority shall have the power to request information directly from financial institutions and other parties where a national competent authority does not or cannot provide such information in a timely fashion. Member States' authorities shall assist the Authority in enforcing such direct requests.

Close cooperation between the Authority and the European Systemic Risk Board is essential to give full effectiveness to the functioning of the European Systemic Risk Board and the follow-up to its warnings and recommendations. The Authority shall provide any relevant micro supervisory information to the European Systemic Risk Board for the achievement of its tasks, mostly in aggregated format. Data related to individual undertakings should be provided only upon a reasoned request. It is expected that some of the requests will have a regular nature and some an ad hoc nature. Alternatively, the ESRB will also provide the EBA with all relevant information, we would deem necessary for the completion of our tasks.

1.2.1 *Project Context*

Especially the following tasks of the EBA will require data input:

- 1 Establishment of high quality regulatory and supervisory standards and practices: Quantitative Impact Studies (QIS) play an important role in the development/refinement of regulations for which high quality data is needed. CEBS/EBA to determine regular and ad hoc information needs.
- 2 Cooperate closely with the ESRB, in particular by providing the ESRB with the necessary micro prudential information for the achievement of its tasks: ESRB and CEBS/EBA to determine and agree upon respective regular and ad hoc information needs
- 3 Provide peer data: EBA to determine its regular and ad hoc information needs to provide peer data about financial institutions to its members.
- 4 Monitor and assess market developments in the area of its competence: conduct community wide stress tests and provide regular assessments of trends, potential risks and vulnerabilities in the area of its competence. CEBS/EBA to determine its (mostly) ad hoc information needs to perform this task.
- 5 Facilitate as CEBS/EBA the information exchange between national supervisors within supervisory colleges and establish and maintain a central system to make such information accessible to the competent authorities in these colleges of supervisors. CEBS/EBA to determine the specifications of such an infrastructure.

1.2.2 *Project Scope*

As mentioned above, the EBA will require on a regular basis data in order to carry out its tasks. Given the forward looking tasks attributed to the ESRB, it is expected that the ESRB information needs to a large extent will be ad hoc.

In addition, EBA/ESRB regular information needs are not yet well defined. Therefore it seems most appropriate to start building a basic data repository based on agreed upon

FINREP and COREP information that will enable the EBA to address core micro prudential information needs in order to perform its tasks.

Such a data repository could be developed in different stages and reflect the agreed upon COREP and FINREP as it develops over time and could be filled with bank data over time and in different stages.

As basic features for an IT infrastructure we already identified the following:

- Capture FINREP and COREP information using a harmonized taxonomy
- Exchange information electronically using open standards;
- Export / import interface to a financial data analysis / visualization environment e.g. MATLAB;
- Flexibility to support future tasks/data needs of EBA.
- Provide the highest level of security related to confidentiality and integrity.

1.3 Feasibility study

The CEBS plenary decided that the IT development would start with a feasibility study under the name ‘Scan “report exchange and analysis” platform’. Technical requirements have been identified in more detail for the future EBA IT infrastructure. During the study a screening of available solutions that are already out in the market or used by CEBS members/observers has been performed.

An IT sounding board consisting of IT experts from the members has been set up to provide expert input during the feasibility study and the study is performed under the responsibility of the CEBS Secretariat. The final report resulted in a proposal to the CEBS members on the way forward towards the EBA IT infrastructure.

The goal of the feasibility study was to deliver:

- A high level overview of the functional and non-functional requirements;
- A rough estimate of the project costs and running costs;
- A project plan to develop and implement the solution;
- An indication of systems currently used by CEBS members;
- An indication of the coverage of CEBS requirements by the members who indicated an interest to provide the solution and some selected vendors.

The scan was performed by studying documentation and performing interviews with parties as indicated by CEBS.

1.3.1 Key evaluation criteria

The feasibility study was performed using the following key evaluation criteria:

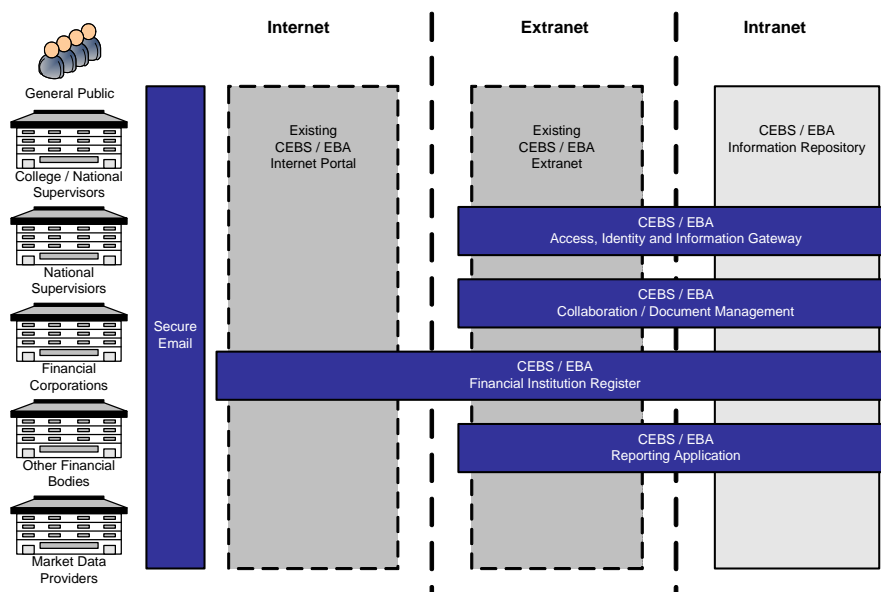
- Service Level Coverage;
- Functional Coverage;
- Information Coverage;
- Security;
- System Flexibility;

- Technical Standardization;
- Organizational Ability to Execute;
- Operational Costs;
- Development Costs;
- Development lead-time.

The key evaluation criteria were identified based upon information received from and discussions with CEBS / EBA and the IT sounding board.

1.3.2 *Business Application Architecture*

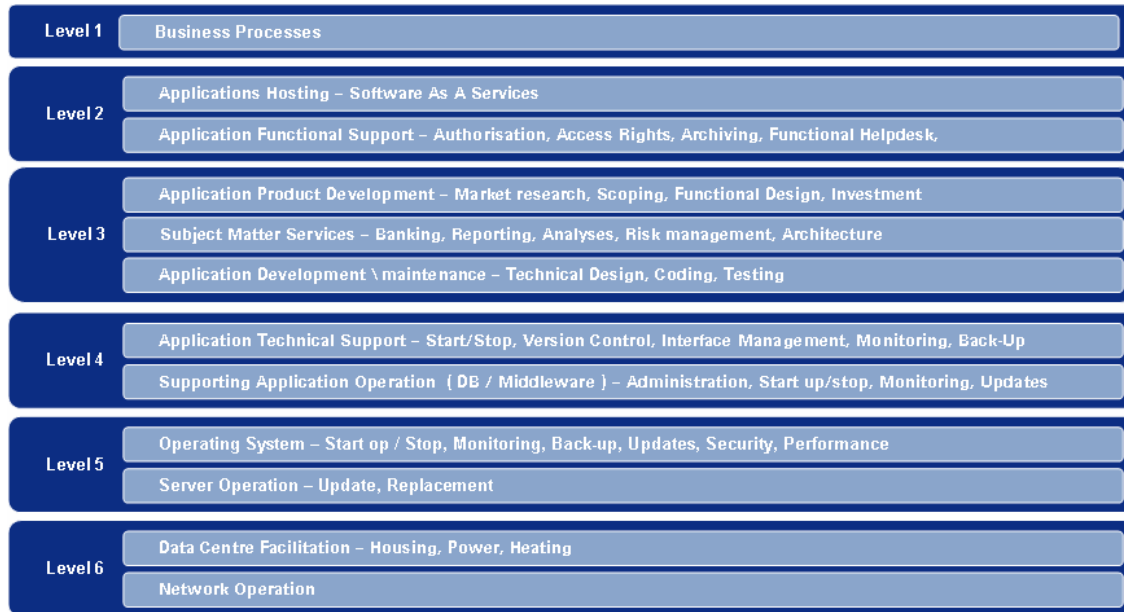
The following picture provides a high-level overview of the business applications that meet the CEBS/EBA requirements as identified.



1.3.3 *Required services model*

The services as provided by supervisors and vendors can be structured according to the following service level taxonomy. These service levels give an overview of the services that might be provided by an external party, versus what CEBS /EBA can perform itself. So far CEBS/EBA has indicated an interest in outsourcing all levels of the services, except for the business process level services.

Concerning level 1: The external service provider could be made responsible for the design of the data collection and surveys. However, CEBS/EBA has to be and will be responsible for the individual data (validation, analysis and reporting). The hosting supervisor will not have access to data of national supervisors.



1.3.4 *Identified Scenarios*

Based upon the above specified business application architecture and discussions held three scenarios have been identified that can provide the required services. The first is a scenario whereby the supervisor is the single provider of services / systems. The second scenario is where supervisors and vendors cooperate closely to offer services / systems. The third scenario is one whereby commercial vendors provide all required services / systems. At the specific request of CEBS / EBA a scenario whereby the system platform is developed from scratch has not been included.

Two supervisors, Banque de France and Banca d'Italia, have indicated their interest in providing a solution covering all CEBS / EBA requirements (Scenario I). Based upon discussions and information received two vendors have indicated that they, in cooperation with partners, can fulfil the role as described by the third scenario.

Furthermore no supervisor has indicated an interest in the second scenario. This is due to the complexity of the implementation and the governance. As such, this scenario has not been further explored.

The plenary (CEBS full representation) has expressed their preference for the first scenario in which one of the national supervisors will provide the required services to the CEBS and has accordingly decided to further study the differences between the two offerings of Banque de France and Banca d'Italia.

1.4 **Project challenge going forward and scope of this RFP**

1.4.1 *Scope of this RFP*

1.4.1.1 *Second part of Phase 1*

In order to fulfil the increased responsibilities, CEBS is currently in the first phase of the project to realise a solution for the “information exchange and analysis” IT platform.

Phase 1 started off with a feasibility study. Based upon this feasibility study the Bureau and plenary of CEBS decided to focus on the scenario in which a supervisor will provide a full range of services for CEBS as described before.

The second part of phase 1 is the identification of the best suitable solution for CEBS to collect, store, analyze and distribute (a subset of) FINREP and COREP micro-prudential data and possible macro-economic data. Important to notice is that the FINREP and COREP data will be provided by the national banking supervisors. Other functionality that should be provided by the supervisor is a collaboration platform for colleges of supervisors, the facility for a register of European financial institutions and to exchange secure emails between all CEBS related parties.

The supervisors that have offered their platform and services to be used by CEBS are Banque de France and Banca d'Italia. They have issued proposals covering all functional requirements from the CEBS and requirements regarding services (e.g. housing, IT support staff, and maintenance). In addition, both supervisors have specified the investment required, the operational costs and a potential timeline for implementation.

CEBS Bureau decided that a final choice will be made between the solution of either Banque de France or Banca d'Italia to deliver the full scope services based upon their platform. The result of phase 1 is a choice between the two national service providers for the preferred provider.

1.4.2 *Solution requirements*

CEBS has indicated that the solution must meet the following requirements:

- Capture (a subset of) FINREP and COREP information, including validation, analysis and reporting capabilities;
- Exchange information electronically in a secure way and minimise the need to adapt the existing reporting infrastructure facilities of members;
- Set up a solution for secure email for members;
- Provide the highest level of security related to confidentiality and integrity and a high level of availability;
- Flexibility to support future tasks of CEBS/ EBA;
- Offer a collaboration platform for colleges of supervisors; and
- Maintain and publish a register of financial banking institutions.

In view of the tight deadlines, prioritization will be applied in the realization of these requirements (see section 1.4.3).

Furthermore it was emphasized CEBS that the security of individual supervisor data needs to be provided for by the service provider is essential and that the service providing supervisor would not be able to access any individual (non-aggregated) data provided by the national supervisors.

It needs to be emphasised that as much activities as possible will be performed by the service provider, keeping in mind that access to data by the service provider should be kept to a minimum and only for IT maintenance. During phase 1, a clear description of responsibilities will be made which activities should be performed by the service provider and which should be performed by CEBS staff. CEBS will define measures during this phase like system audits, controls and service level agreements through which the logical segregation of duties can be enforced and accessibility of (specific) data can be restricted to CEBS staff only.

1.4.3 *Prioritization*

CEBS has indicated that the initial focus will be the processing of information related to those cross-border financial institutions where systemic risks are potentially high. The data collection, validation, analysis and reporting process will get priority in the implementation project together with setting up a secure email capability. Realising a collaboration platform for the colleges of supervisors and setting up a register for financial institutions will be planned according to the requirements for delivery and have a secondary priority concerning the implementation.

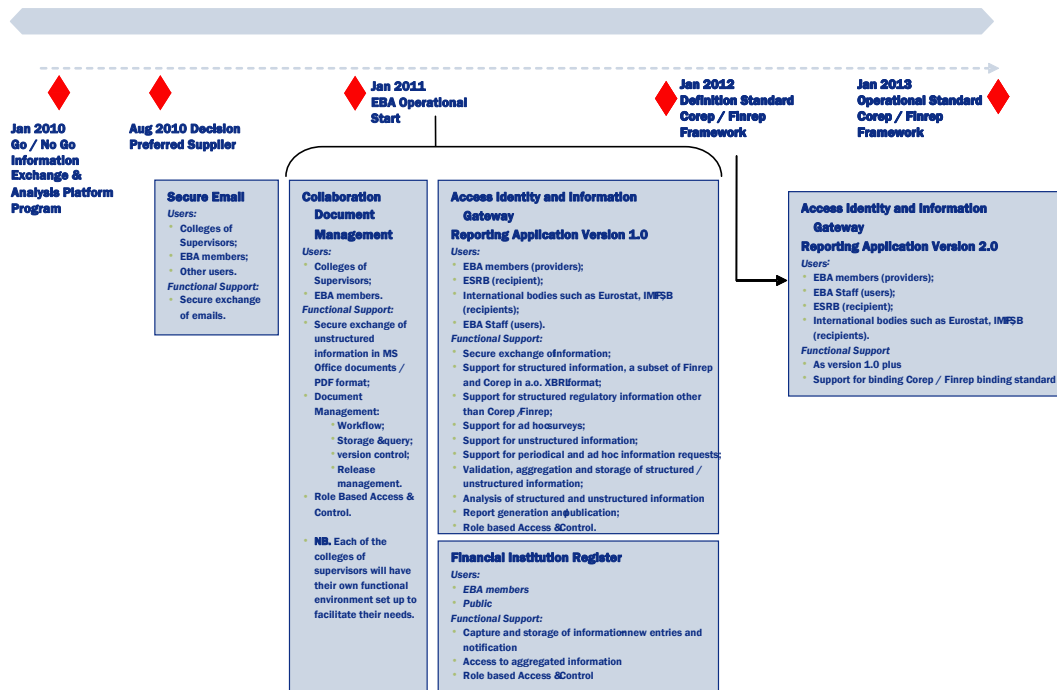
2 Our request

Our request to you is to assist us in the selection process of a preferred service provider for realising the “information exchange and analysis” platform, using the feasibility study and the decision of the Bureau of the CEBS as a starting point.

The CEBS will have appointed two IT officers as of March/April 2010 who will be responsible for the project management on CEBS side. These staff members will be our contact persons for the monitoring of the progress and quality of the project.

2.1 Your proposal

CEBS’ planning for the activities is reflected in the picture below.



Your proposal should contain a clear planning of resources, timetable that fits with the CEBS requirements and deadlines and an approach to come to the following deliverables:

- Document with detailed requirements (further deepening of the currently documented requirements as described in the previous chapters), including a prioritisation of the requirements and potential knock out criteria;
- A scoring for both service providers that could provide the full solution, using the Request for Proposal (RfP) including detailed requirements and the Proof of Concept (PoC) results as evaluation criteria;
- A detailed planning for both service providers including among others project team, required capacity from CEBS side and costs to support CEBS/EBA with its legal tasks.

A report for phase 1 should contain the following elements:

- Approach – Evaluation criteria used and detailed requirements;
- Results RfP – Scoring per service provider;

- Results PoC per service provider;
- Detailed planning per service provider;
- Recommendations preferred supplier.

2.2 Structure of the proposal

Your proposal should describe:

- The scope of the engagement;
- The objective of the activities;
- The approach you propose, including potential standards you will apply;
- The deliverables from the project;
- The responsibilities you will accept and a description of what is needed from the other parties, i.e. CEBS, the IT Sounding Board and the two preferred national supervisors that offer the services;
- The team that will perform the work;
- A timetable for the work, which is aligned with our timetable as indicated before;
- The fees, including expenses;
- Any constraints or obligations occurring from the engagement.

2.3 Awarding criteria

The contract will be awarded with regards to:

- Most economically advantageous tender (meeting the specifications);
- Time frame for delivery of service;
- Expertise and skills of personnel assigned to providing the service;
- Quality of tender and ability to meet requirements;
- The management and service structure proposed.

3 Administrative arrangements

3.1 Request for Proposal

This document constitutes a formal 'Request for a Proposal' (RFP) for the supply of services regarding the selection of an Advisor concerning the selection and implementation project regarding specific services for the Committee of European Banking Supervisors (hereafter 'CEBS').

3.2 Advisor / Response

Each Advisor should prepare a document (the 'Response') which will describe the proposed services regarding both the selection of the service provider as the implementation of the services that should be provided. The Response is a key document describing the Advisor's services and commitments regarding both the selection of the provider as the implementation of the services. The Response is a formal proposal that will be the basis for the engagement letter that can be signed after the selection of the Advisor is finalised. Therefore, the Response is a binding document.

The aim of the RFP is to obtain a comprehensive understanding of your services and approach and how this relates to the requirements and timetable of CEBS. Advisors are encouraged to provide full explanation regarding the envisaged organisation of the project in the second part of phase 1, taking into account the requirements of the CEBS's as described in this RFP.

3.3 Confidentiality

The Advisor must agree to not make any reference to CEBS in any literature, sales material, brochures or sales presentations without the express written consent of CEBS. All information included by Advisors in their Responses will be treated in confidence.

3.4 Time-table for Response

Date	Event
28 th April 2010	Circulation of RFP to Advisors
7 th May 2010	Deadline for Advisor to notify Contact of intention to submit a Response
20 ^h May 2010	Deadline for RFP e-mail submission by Advisor. Hard copy Responses must be received but this is as well as and not instead of, an e-mailed Response.
The intention is to make a final decision with regards to the successful Advisor on 27 th May 2010. RFP Responses will form part of any final contract.	

3.5 Liability

CEBS shall incur no obligation or liability whatsoever to anyone by issuance of the Request or action by any party relative hereto.

3.6 CEBS Primary Contact

Any questions, clarifications or other communications concerning this Request should be directed to Arnoud Vossen (tel: +44 (0) 207 382 1792 email: arnoud.vossen@c-eps.org) or Patrick Amis (tel: +44 (0) 207 382 1753 email: patrick.amis@c-eps.org).

CEBS's Contact may be changed only on written notice to the Advisor.

Reliance on information from any party other than CEBS's Primary Contact or their designated representatives Alex Tas (tel +44 (0) 207 382 1755, email: alex.tas@c-eps.org) or Panagiotis Droukas (tel +44 (0) 207 382 1769, email: panagiotis.droukas@c-eps.org) may place the Advisor in a disadvantageous position.

3.7 Conditions for Response

The Advisors are required to conform to the conditions listed below.

CEBS requires that the Advisor must:

- prepare a written Response to our request which is outlined in this RFP document;
- accept that the submission of a Response places neither CEBS nor any associated third party under obligation to acquire your services described in the Response, nor to discuss or explain why the Response was accepted or rejected;
- accept for your own account any expenses incurred in the preparation of the Response and any subsequent investigations or activities;
- accept that, should you be selected, CEBS expects the Advisor to take overall contractual responsibility for supplying the services as set out in the Response;
- accept that, should your Response be accepted, CEBS would expect your Response to form part of any contractual arrangements made;
- accept the following timetable:
 - Receipt of the completed Response by 20st May 2010 in accordance with the timetable for response in section 3.4 Time-table for Response.
 - Agree to perform all activities to an agreed timetable aiming to support the CEBS to select a preferred service provider by 2nd August 2010.
 - Support CEBS to bring live the most basic required services for CEBS by the end of 2010.

3.8 Completion and submission of Response

The following conditions apply to the manner in which the Advisor's Response should be made. It is CEBS's policy to evaluate all Responses fairly without prejudice to any one Advisor.

- a. Responses to be submitted on paper and via email to the primary contact and the CEBS contact.
- b. Advisor should clearly reference the Request number on its Response and any related correspondence.
- c. Hard copy Responses should be sealed and submitted in **duplicate** with one Response clearly marked MASTER. If discrepancies between the two copies are found, the Master will be considered as the only Response document. Response packages must be marked PRIVATE & CONFIDENTIAL and mailed or delivered to: CEBS Secretariat, Tower 42 (level 18), 25 Old Broad Street, London EC2N 1HQ U.K.

- d. Responses should be received at arnoud.vossen@c-eps.org and patrick.amis@c-eps.org no later than 20th may 2010 c.o.b.. Responses received after this time may not be considered.

The e-mailed Response should also be cc'd to the CEBS designated representatives Alex Tas (tel +44 (0) 207 382 1755, email: alex.tas@c-eps.org) and Panagiotis Droukas (tel +44 (0) 207 382 1769, email: panagiotis.droukas@c-eps.org).

3.9 Disposition of Responses

All materials submitted in response to this Request will become CEBS's property and shall be retained by CEBS.

3.10 Advisor's Cost

Any costs incurred by the Advisor in responding to this Request or in support of activities associated with the Response to this Request are to be borne by the Advisor and are not reimbursable by CEBS.