



EBA BS 2020 319 rev. 1

Board of Supervisors

28 April 2020/09:30 – 16:45

Location: teleconference

EBA-Regular Use

Board of Supervisors meeting – Final Minutes

Agenda item 1: Welcome, approval of the agenda and Declaration of conflict of interest

1. The Chairperson welcomed the Members of the Board of Supervisors (BoS). He reminded them of the teleworking regime applicable to all EBA staff and thanked the Members for joining the teleconference.
2. None of the BoS Members declared any conflict of interest.
3. The Chairperson informed the BoS that the Minutes of the February BoS meeting have been approved in the written procedure.
4. Finally, the Chairperson welcomed Kamil Liberadzki (Poland) who has been recently appointed as a BoS Member.

Conclusion

5. The BoS approved the agenda of the meeting.

Agenda item 2: Update from the EBA Chairperson

6. The Chairperson reminded the BoS that the aim of this item was to inform them about various developments in between the meetings. He referred to the EBA's work in coordinating supervisory actions in the ongoing Covid-19 pandemic under Article 18(1) of the EBA Regulation, including four BoS conference calls that took place since the last BoS meeting and during which the BoS discussed and approved several Covid-19 related statements. In this regard, he mentioned an ongoing and efficient cooperation with competent authorities (CAs), ECB and other institutions as well as weekly calls with the Joint Committee of the ESAs (including the ESRB and the European Commission). In order to assist the EBA in performing its facilitation and coordination role and identify where common approaches might be needed
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across the EU and to deliver a consistent message to banks and citizens, the Chairperson encouraged the Members to continue sharing information on what they were seeing in their own jurisdictions and, where appropriate, to invite the EBA to take part in relevant meetings.

7. The Chairperson informed the BoS that the EBA has received a notification from Adam Farkas that, as part of his AFME CEO role, he has, subject to Mr. Farkas's acceptance and the EBA's decision under Article 16 of the Staff Regulations, been appointed as a non-executive director of TheCityUK, a lobby group for the UK financial services industry. The Joint Committee, in line with the Staff Regulation, has been assessing the notification as the role was not included in the previous notification and would bring a proposal for discussion in the Management Board (MB) before tabling it for adoption in the BoS. The BoS would be asked to decide whether to forbid or allow him to take up this position, and whether to impose any restrictions.
8. Finally, the Chairperson mentioned that the EBA and the EC have concluded their discussions on some practical aspects on the identification and handling of Q&As that required the interpretation of Union law. The EBA should be shortly resuming the EBA's Q&A process, including sending out batches of Q&As for categorisation and publishing Q&As.
9. The Members did not raise any comments on the update provided by the Chairperson.

Agenda item 3: Risks and vulnerabilities in the EU

10. The Chairperson introduced the item by stressing that given the current Covid-19 crisis, the item focused on the main risks affecting the banking sector and that the EBA staff, as a background document, prepared also an overview of policy measures taken in response to Covid-19. He also referred to a note on the potential capital relief due to the recently adopted supervisory measures as well as their possible impact on new lending. The note would be further developed and included in the thematic note on COVID-19, which the EBA was preparing for publication.
11. The EBA Head of Risk Analysis and Stress Testing Unit (RAST) briefly summarised the main developments in financial markets since the February BoS meeting and noted that equity markets declines reflect expectations of an economic deterioration and that funding conditions have deteriorated significantly although they have improved lately thanks to decisive policy action by governments and central banks. He continued by presenting three main risks affecting the banking sector under current conditions, in particular operational risks related to business continuity; liquidity risks that may arise in the short and medium term, and asset quality deterioration and solvency. Finally, the Head of RAST informed the BoS about the EBA's work on capital releases and potential new lending and summarised the findings of the analysis conducted by the EBA staff. He also pointed to the upcoming thematic note on COVID-19 impact on the EU banking sector.
12. Some Members updated on developments at national level. One Member mentioned that while no major issues were observed in banks in his jurisdiction, the CAs should consider future

steps with regard to relief granted to banks and some postponed measures as these might cause some challenges in the coming months and years. Other Members said that they have been assessing the liquidity and capital resilience of their banking sector, and they have enhanced their monitoring. One Member pointed to the impact of the crisis on a rise of digitalisation at banks, and that the crisis might have long-term impact on the organisation set up of banks. Two Members asked about the comparability of US and EU banks results for the first quarter. One Member stressed a need to analyse banks' contingency and recovery planning and their effective implementation if used. Other Members highlighted that the reduction in income along with the increase in NPLs could have severe effects on banks results and capital ratios in the coming quarters.

13. On the note on capital relief from COVID-19 related measures, one Member stressed that as developments on the market were rapidly changing, the analysis presented would have to be updated. He mentioned that the breakdown by countries was not relevant for banks operating internationally. He also noted that the measures taken had two purposes – to help the economy and to help absorb expected losses. Finally, he was of the view that the note, as drafted, should not be published. Several Members also mentioned the need to be cautious in the analysis, that the note should reflect more accurately the expectation that credit losses will likely arise and absorb part of the capital relief, and that some of the data would have to be further clarified.
14. The EC representative informed the BoS that the EC was planning to publish later on that day a communication on the adoption of a banking package to help facilitate bank lending to households and businesses throughout the European Union. The package was intended to encourage banks to make full use of the flexibility embedded in the EU's prudential and accounting framework, so that banks can fully support citizens and companies during the pandemic by providing funding. The package also included exceptional temporary measures and a set of targeted changes to Capital Requirements Regulation (CRR) the EC proposed and said that the EC was cooperating with the European Parliament (EP) and the Council to deal with the proposal as a matter of urgency and adopt this package already in June.
15. In his response, the Head of RAST clarified some of the aspects covered in the note and explained that the note on capital relief had been submitted to collect views and comments of the BoS on an early draft and that the objective is to incorporate some of the content of the note distributed to the BoS in the thematic note on COVID-19. He also mentioned that further information on the interaction between digital transformation and reduction of bank staff can be sought. On the quarterly earnings of US banks, he clarified that the results are not fully comparable with EU banks due to different public measures and the relevance of consumer lending and exposures to sectors highly affected by the current situation such as oil in the US.
16. The Chairperson concluded by noting the BoS' concerns related to losses which might be expected in the coming months and the operational resilience of banks. These should be items that would need to be closely monitored in the coming quarters.

Agenda item 4: 2020 EU-wide Transparency exercise

17. The Chairperson reminded the BoS that with the postponement of the EU-wide stress test exercise, the BoS agreed on an additional EU-wide transparency exercise to be carried out in 2020 with the aim of providing updated information on banks' exposures and asset quality to market participants. This decision has been communicated to the public as part of the statement released by the EBA.
18. The EBA Head of Statistics Unit (STAT) explained that there would be two exercises, one in late Spring and one in late Autumn. The Spring exercise would include the Q3 and Q4 2019 data which would provide the market participants with updated information on the financial conditions of EU banks as of December 2019, prior to the start of the crisis. The Autumn exercise should include Q1 and Q2 2020 data to show the impact of the crisis on banking sector. He mentioned that the templates for the Spring exercise would remain stable compared to the previous exercise, with the only exception of two new templates: on the Total liabilities and on the Exposures with a more detailed breakdown towards industry sectors presented by NACE activities. The sample would also remain almost stable and it would include all banks in the EBA's reporting sample, at the highest level of consolidation in the EU28. He concluded by clarifying that the ITS data to be used for the Spring exercise have been already validated by the CAs and supervisory information has already been published in aggregated manner by the EBA. The EBA has also already run an additional set of plausibility checks.
19. Some Members were of the view that having two exercises would be too burdensome both for banks and the CAs and suggested to have only one exercise in autumn 2020. The ECB Banking supervision representative clarified that banks would have to validate the data and the CAs would have to ensure that all relevant data was transferred between the EBA and banks. He questioned whether, under the current crisis circumstances, the CAs were prepared to conduct these exercises twice. He also mentioned that the ECB was planning to postpone and skip various exercises in order to provide some relief to the banking sector.
20. The Chairperson reminded the BoS of its decision related to the postponement of the stress test and conducting the transparency exercise and stressed that the market was expecting the exercise in order to provide information to stakeholders and analysts to conduct their sensitivity analysis. The EBA Director of Economic Analysis and Statistics Department (EAS) stressed that market participants cannot be left in the dark during a crisis and he also added that the banks already confirmed their willingness to conduct the Spring exercise. The Head of Statistics explained that if the two Transparency exercises were merged in only one, the EBA would be able to publish the first data showing the impact of the crisis only by the end of the year, or even later in 2021, should the banks need more flexibility in reporting supervisory data.
21. Given the various views presented, the Chairperson concluded by informing the BoS that after the meeting, the EBA would launch a written procedure asking the BoS whether they agree to carry out an EU-wide transparency exercise to be finalised in June 2020 (Spring exercise).

Agenda item 5: EU-wide stress test: way forward

22. The Chairperson reminded the BoS that at the 11 March BoS teleconference, the BoS decided to postpone the 2020 EU-wide stress test to 2021 and to prolong discussions on the future changes to the framework. Given that no further details were agreed during that teleconference, the EBA prepared a detailed note for the BoS discussion.
23. The Director of EAS continued by presenting several options related to the 2021 exercise including the sample, the new timeline, and the methodology; the future changes to the EU-wide stress test framework including the timeline; and the communication to the public on the agreed changes. He mentioned that the EBA's proposal was to keep all of the agreed aspects of the 2020 exercise stable. The methodology should not be touched and the only changes should correct clerical errors and address, in a more structured way than using FAQs, the issues of the treatment of legal floors and the impact of the foreign exchange exposures in the net interest income.
24. Regarding the sample, several Members supported a proposal to use the same sample as defined in the 2020 exercise, based on Q4 2018 data (option 1). Other Members were of the view that the sample should be up-dated based on Q4 2019 data (option 2) and that the UK banks should be excluded from the sample and their EU subsidiaries should be added.
25. Regarding the timeline, the Members agreed with the EBA proposal to launch the exercise in January and to publish the results at the end of July 2021, i.e. to maintain a similar timeline as previously. Several Members asked if scenarios could be finalised earlier.
26. Majority of BoS members asked to consolidate FAQs in the methodology, but all Members were clear that we should not re-open the methodology with only two exceptions (FX treatment and the impact of moratoria and guarantees in the context of COVID-19 measures). In that respect, the FAQ on legal floors needs to be closed.
27. Most Members agreed on the postponement of the deadline for finalising the long-term changes to EU-wide stress test framework to Q2-Q3 2021, but requested clarification on the ICAAP pilot exercise. One Member suggested that the pilot should be voluntary. Other Member proposed to run the pilot in parallel with the 2021 exercise.
28. The Members supported the EBA's communication plan to inform on the tentative launch, publication, sample and the revised timeline concerning the final decision on the future framework. Several Members suggested that it was important in the communication to remain flexible at this stage.
29. The ESRB representative said that the stress test exercise should be considered in the crisis context. He also noted the request of some Members for earlier submission of the scenario but explained tight timelines and, in particular, that it would not be beneficial for the exercise if there would be a too long gap between the finalisation of the scenario and the actual exercise as it might not reflect the situation at the moment of publication of the results.

30. The Director of EAS clarified that the EBA's proposal regarding the methodology was to avoid re-opening issues and to make only editorial changes. However, the methodology should reflect issues such as the FX effect, payment moratoria and public guarantees or other changes in the regulation. He also noted a slight preference of the BoS to freeze the sample of banks, but reminded the members about the ECA recommendation on the sample. In his view, the timeline for the 2021 exercise was not problematic (launch in January and publication at the end of July). In the same vein, he confirmed that the decision on the long term changes to the stress test was prolonged by one year, with decisions planned for Q2-Q3 2021. He also noted that there is appetite for exploring a possible pilot exercise, as long as the exercise is voluntary and more information provided. He agreed that the EBA would work on the details and present the concrete proposal in one of the next meetings.
31. The Chairperson concluded by stressing the importance of the exercise and of the credibility of the macro scenario. He also said that the communication on the exercise following the BoS meeting would be limited and would focus on timeline and tentative sample. He concluded that the sample needed to be sufficiently representative. Finally, he concluded that the EBA would consider, where necessary, to review the methodology in terms of FX treatment and COVID-19.

Agenda item 6: Final draft ITS on benchmarking portfolios

32. The Chairperson clarified that the submitted ITS presented the updated list of credit risk and market risk portfolio for the 2021 benchmarking exercise.
33. The EBA Head of Risk-based Metrics Unit (RBM) explained that with regard to credit risk, after the overall review of 2020, the ITS 2021 aimed at maintaining some stability. Therefore, neither new portfolios nor new data points were introduced. On the other hand, EBA introduced an IFRS 9 template and was proposing to extend the collection of two data points already collected: the hypothetical RWA based on empirical default rates, at the rating grade level, and the hypothetical RWA calculated under the standardised approach, for the LDP portfolio. With regard to market risk, the Head of RBM said that the changes were limited to the update of some information needed for the exercise, the amendment of some minor typos and the update of some specific fields for reporting purposes.
34. The BoS supported the work. One Member mentioned that there were many small banks within their jurisdiction which would be required to implement standard approach credit figures based on the ITS and that they were questioning the cost and benefit analysis of such proposal, and one Member suggested to keep the exemption in order to keep a low reporting burden in this period of time. However, other Members stressed the value of such metric, which was deemed as not too costly to implement and all the more relevant in light of the COVID-19 to monitor the effect of rating downgrades on the standardised approach.
35. The Chairperson concluded by stating that the BoS supported the draft ITS as drafted and that a consensus on the text and the submission of the ITS to the EC was reached.

Conclusion

36. The BoS approved the final draft ITS on benchmarking portfolios for publication and submission to the EC.

Agenda item 7: Report on the convergence of supervisory practices in 2019

37. The Chairperson reminded the BoS that one of the main tasks of the EBA was to actively foster and promote supervisory convergence across the Union and that the EBA had to report to the EP and the Council on the degree of convergence of supervisory practices on a yearly basis.
38. The EBA Head of Supervisory Review, Recovery and Resolution Unit (SRRR) continued by presenting the main topics from the report, in particular the development of regulatory and policy products; training, and monitoring and assessment. He also mentioned that that report explained how the EBA pursued supervisory convergence in 2019 and that together with the report, the EBA was aiming to publish the 2020 Convergence Plan which was approved by the BoS in Q4 2019. However, the Plan had to be updated with a reference to the Covid-19 crisis. The Head of SRRR highlighted that the report for the first time incorporated information on the Convergence in supervisory colleges that used to be a separate report in the past. The incorporation of the observations from the EBA college monitoring activity ensures that the full spectrum of the EBA's convergence related work is captured by the Report.
39. The BoS supported the work. Two Members suggested to refer to the Covid-19 crisis also in the executive summary of the report and not only in the report itself. They also pointed out that the reference to the discussion paper on early intervention measures should be redrafted to address the BoS decision not to publish the paper for the time-being.
40. The Chairperson concluded by stating that the EBA would update the references as per BoS' suggestions and send the report to the BoS for a final fatal flow via written procedure.

Conclusion

41. The BoS approved the Report on convergence of supervisory practices in 2019, subject to the update mentioned under the following item, and its subsequent publication.

Agenda item 8: Discussion paper on early intervention measures

42. The Chairperson introduced the item by informing the BoS that in the first quarter of 2019 the EBA conducted among CAs a survey on the application of early intervention measures (EIMs) according to Articles 27-29 BRRD. The main objective of the survey was to examine to what extent the EIMs have been applied in various EU jurisdictions during the first years after the BRRD entry into force, and to understand the reasons underlying observed supervisory practices.

43. The EBA Director of Prudential Regulation and Supervisory Policy Department (PRSP) continued by noting that the discussion paper presented the results of the survey, discussed the key challenges in the application of the current EIMs regulatory framework and outlined possible solutions to address identified issues.
44. The BoS supported the work and the contents of the discussion paper, however four Members expressed their doubts on the publication or suggested to postpone it given the current circumstances.
45. The EC representative stressed the importance of the work and merit in its publication.
46. The SRB representative welcomed the comprehensive work and appreciated the discussion paper. He also requested that the draft paper be consulted with the Resolution working structure before the publication.
47. The Chairperson concluded by noting that the BoS supported the work and contents of the discussion paper on EIMs, but raised some concerns regarding its publication. After consultation with the Resolution working structure, the revised discussion paper would be sent to the BoS in a written procedure for a decision on the publication and fatal flow comments.

Conclusion

48. The BoS supported the contents on the discussion paper on EIMs and it would decide on its publication in a written procedure.

Agenda item 9: CumEx follow up

49. The Chairperson reminded the BoS that the EP issued a resolution in December 2018, in which it requested the EBA and ESMA to conduct an inquiry into dividend arbitrage trading schemes (DATSs) such as cum-ex or cum-cum.
50. The EBA Head of Conduct, Payments and Consumers Unit (COPAC) explained that in response to that request, the EBA launched an inquiry through two surveys of prudential and AML CAs and developed a report, which the BoS approved in December 2019. The report set out the findings of the inquiry and the expectations the EBA had of the CAs under the current regulatory framework and ended with a list of actions that the EBA “may consider” to take. He indicated that the new tasks and powers under EU law in AMLD and CRDV, and emerging agreements in EBA working groups provided for the EBA to set out an action plan. He also indicated that the EP was expecting a response from the EBA, as reflected by a reference to the EP resolution on the draft discharge of the EBA budget for 2018. He concluded by presenting the action plan which if supported by the BoS would be, together with the EBA report on CumEx, submitted to the EP as a response to their resolution.
51. One Member agreed that the EBA had to respond to the EP resolution, that “may consider” announcements by the EBA were too vague, and that the DATSs were an important issue in

some countries, but he also stressed that there were differences in national laws and different competencies between financial supervisors and tax authorities. He also expressed concern that the new AMLSC committee was not consulted more thoroughly and asked if the EBA and the Members were ready for such a detailed action plan, in particular in jurisdictions where the DATS were not causing major problems. Another Member questioned whether the inquiry under Article 22 of the EBA Regulation was requested by the entire EP or only a group of MEPs. He also questioned how ESMA had responded to the EP resolution.

52. The ESMA representative explained their procedures and mentioned that they were conducting an inquiry under Article 22 which was still ongoing.
53. One Member welcomed the work and the action plan as the CumEx was not only an AML issue but also a prudential supervision challenge. The Member suggested to clarify that an exchange of information between different types of supervisory authorities would be addressed as part of the listed actions.
54. The EC representative stressed the importance of the work and clarified that the EP considered the CumEx as a very serious financial wrong-doing.
55. The ECB Banking Supervision representative supported the work but requested a clarification related to the guidelines on internal governance and the fact that prudential supervisors did not have competence with regard to some of the actions as these had to be tackled by national AML and/or tax authorities.
56. One Member asked whether, under the changes introduced by the ESAs Review, a panel could be established to pursue the Article 22 inquiry listed in the action plan. The EBA Head of Legal Services Unit (LEGAL) explained that indeed, since January a panel and a similar procedure as for the breach of Union law should be followed under the Article 22 of the EBA Regulation. Such an inquiry will require the setting up of a panel, seeking an advice from the MB and BoS on the content of the inquiry, and for the final report to be approved a written procedure and if needed, a discussion at the BoS meeting.
57. One Member suggested to prioritise the work on AML issues and to tackle all the other actions in the action plan under usual supervisory and regulatory work. Other Member highlighted that a risk based approach should be applied when executing the action plan, as the DATS issue was not equally prominent in all EU jurisdictions.
58. The Head of COPAC responded by explaining that the consultation with the AML working structure was necessarily short, given it was only recently established. The report had been approved by the BoS prior to the AML working structure having been set up. He also explained that the action plan submitted to the Board already indicated that arbitrage schemes were not an issue in all countries.
59. The Chairperson concluded by noting the wide support for the work by the Members and asked for the action plan to be amended to acknowledge the different competencies of

supervisors and tax authorities and to clarify that a risk-based approach should be applied that took account of the different extent to which DATSs were an issue across the EU. He asked Members to send their drafting suggestions by 30 April and for the revised version then to be sent to the BoS for a final fatal flaw check.

Conclusion

60. The BoS approved the Action plan on dividend arbitrage trading schemes, subject to a final fatal flaw check.

Agenda item 10: Union Strategic Supervisory Priorities

61. The Chairperson reminded the BoS of its discussion at the February meeting, when BoS set the Union-wide Strategic Supervisory Priorities of business models' sustainability and adequate governance structures. As a follow-up, the EBA prepared a note outlining the implementation process of these Union-wide Priorities.
62. The EBA Policy Expert presented three operation steps for the implementation of the Union-wide Strategic Supervisory Priorities. The first step was the discussion on these priorities. The second was the introduction into CAs' Work Programs and finally the assessment and discussion on follow-up actions. She noted that priorities and implementation have been considered in light of prior BoS comments, namely the alignment with timelines of CA work programmes and Union-wide priorities, the interplay of Union-wide priorities and EBA priorities and finally whether these Union-wide discussed during the last BoS priorities remain pertinent in light of COVID-19.
63. The BoS supported the implementation plan. Some Members stressed that a response to the Covid-19 pandemic should be a strategic priority for 2021.
64. The EC representative suggested to reflect on changes of Union-wide Priorities because of the COVID-19 crisis. He suggested also a slight modification to the process, in particular that the CAs could notify the EBA once their 2021 work programs were final on how they took into account the Union-wide priorities. By doing this, the EBA would be able to develop a better questionnaire for the discussion in 2022.
65. One Member pointed out that the note submitted for the BoS discussion was mainly focused on process. He agreed with the process but suggested that for the next round of Union-wide Priorities, the process could be more flexible when it comes to identification and implementation of these Priorities. He proposed to hold discussions earlier in the year and to align them with discussions on the annual and multiannual work programmes. Finally, he asked to provide more clarification on the interpretation of the selected Priorities, in particular in the light of the Covid-19 crisis. Another Member supported these proposals.
66. The ECB Banking supervision representative explained that the ECB usually finalised its work programme in Q4 and suggested to add flexibility to the implementation process of the Union-

wide Priorities and to postpone the introduction of the Priorities in the CAs' work programmes to Q4. He also mentioned that both selected Priorities would cover the CAs' responses to the Covid-19 crisis and therefore, no further amendment to the current Priorities was needed. Several Members supported these proposals.

67. The Chairperson concluded by stating that the current Union-wide Priorities represented a multi-annual challenge which remained pertinent during the health as well as the recovery phase of the Covid-19 crisis. He also confirmed that the EBA would work out on how the Union-wide Strategic Supervisory Priorities would interact with its annual and multiannual work programmes and update the implementation note accordingly.

Conclusion

68. The BoS agreed with the Union-wide Strategic Supervisory Priorities implementation plan.
69. The EBA staff would outline on how the Union-wide Priorities interact with the EBA's annual and multi-annual Priorities.

Agenda item 11: Peer reviews – Framework and methodology

70. The Chairperson reminded the BoS of the discussion during the February BoS meeting on the peer review framework and the methodology. Based on the comments received, the EBA updated the Decisions on the peer review framework as well as on the methodology of the newly established ad-hoc peer review committees.
71. The EBA Head of Policy Coordination Unit (PAC) summarised comments received from the BoS Members, in particular on the possibility to comment on a peer review report before it was submitted for adoption to the BoS via written procedure, and re-introduction of the 'largely applied' grade scale for benchmarking purposes in the methodology. He mentioned that the Chair of the committee would present the draft report in a BoS meeting, followed by a round of comments. The committee would assess the BoS comments before adopting the final report. The report would then be sent to the BoS for approval by written procedure. Regarding the changes, he also mentioned that to avoid conflicts of interest, representatives of the CAs could not participate in the assessment of their own authority, however they could be part of the Ad Hoc Peer Review Committee. Finally, the Head of PAC mentioned that the Peer Review work plan would form a separate part of the annual and multiannual work programme and would be made public.
72. The BoS supported the proposed updated Decisions.
73. The EC representative noted the concerns of some Members on a possibility to comment on draft peer review reports. He stressed that according to Article 44.3 of the EBA Regulation, if three voting members of the BoS object to the written procedure, the draft decision shall be discussed and decided on by the BoS. He also mentioned that according to Article 30 of the EBA Regulation, the peer review committee shall consult the MB on the draft report. Finally,

he encouraged to respect the will of the legislators who wanted to strengthen the role of the peer review committee and therefore, there should be a clear distinction between the draft peer review report and the final peer review report. The draft peer review should be the responsibility of the peer review committee and the BoS cannot comment before the draft peer review report was adopted. The BoS could exercise its power to comment on the draft peer review report by objecting to the written procedure or making comments in the written procedure.

74. The Chairperson concluded by highlighting the independence of peer reviews and adequate implementation of the legislative text in the peer review methodology.

Conclusion

75. The BoS agreed with the Decision adopting a methodology for the conduct of peer reviews and the Decision establishing a framework for Ad-Hoc Peer Review Committees.

Agenda item 12: EBA contingency planning

76. The Chairperson introduced the item by explaining that the EBA has prepared a contingency planning with an aim to identify the impact of Covid-19 on the EBA's Work programme 2020 and to propose a way forward.
77. The Head of PAC continued by clarifying that the note on contingency planning covered only core business activities and listed only those projects where an impact was foreseen. He also said that based on this note, the EBA was planning to update the 2020 Work programme and to publish a revised version as well as to update the 2021 Work programme which had to be submitted to EU institutions by end-September and which would be submitted for the BoS discussion during its meeting in June.
78. One Member questioned the impact of the contingency planning; i.e. delay, on the work related to investment firms and any additional Covid-19 related work, such as the Guidelines on payment moratoria. The Director of PRSP clarified that the EBA has finalised its internal work related to investment firms and that it was not intending to postpone it.
79. The Head of PAC added that the note on contingency planning would not be published but its content would be addressed in the updated 2020 Work programme which would also reflect the Covid-19 work.
80. The SRB representative was of the view that the work on resolution and recovery matters should not be too delayed.
81. The Chairperson concluded by asking the BoS to send their written comments after the meeting.

Conclusion

82. The BoS supported the work on the contingency planning.

Agenda item 13: AOB

83. Regarding the CfA on National Enforcement Frameworks (including Insolvency Regimes), the Director of EAS explained that following the approval by the BoS under a written procedure, the Interim Report was delivered to the EU Commission on 22 April. However, during the production of the Interim report, several data issues became apparent. The EBA informed that the European Commission agreed with the EBA extend the deadline for the submission of the final report to 1 November 2020. The EBA considered that these additional four months are sufficient to perform another round of data resubmissions, as well as to add new banks to the sample if necessary, thus allowing for more accurate benchmarks. The EBA staff took a number of steps to improve the quality of the data before the submission of the Interim report to the BoS. This notwithstanding, a few BoS members pointed out that severe data quality issues persisted which were not possible to tackle using only the data submitted to the EBA so far. Based on these issues, the Director of EAS explained that it was not possible to set out benchmarks for three countries and that for three other countries, the EBA would liaise with the CAs in order to improve the quality of data. The EBA requested CAs to revise and improve the data submissions and in the months ahead, EBA staff were planning to vigorously control the data submissions and respective quality. The EBA would exclude from the final analysis any country who failed to provide sufficiently representative data.
84. One Member raised a concern related to the outcome of the vote on the Report on STS Framework for Synthetic Securitisation. He was of the view that the wording of the Report submitted to the BoS for approval did not reflect the discussion and decision during the meeting of the working structure. Other Member supported these concerns.
85. The Chairperson noted the concern and clarified that the BoS voted in support of the Report on STS Framework during the written procedure.
86. One Member stressed that current Covid-19 crisis had a major impact on merchants and that the EBA should consider reassessing its communication from last year on the migration plans for the application of the SCA. He was of the view that the aim was to have functioning system and therefore, the BoS should further discuss this issue. Other Member supported these views.
87. The Chairperson reminded the BoS that the deadline for the SCA was set out in the EU legislation but that the EBA was liaising with the co-legislator on this issue.
88. Finally, the Chairperson informed the BoS that the BoS Away Day planned for July 2020 in Dubrovnik was still in preparation and that the EBA staff and the respective BoS Member would provide further updates closer to the date.

Participants of the Board of Supervisors' conference call

28 April 2020

Chairperson: Jose Manuel Campa

| <u>Country</u> | <u>Voting Member/High-Level Alternate¹</u> | <u>National/Central Bank</u> |
|-------------------|---|------------------------------|
| 1. Austria | Micheal Hysek/Helmut Ettl | Karin Turner-Hrdlicka |
| 2. Belgium | Jo Swyngedouw | |
| 3. Bulgaria | Stoyan Manolov | |
| 4. Croatia | Martina Drvar | |
| 5. Cyprus | Stelios Georgakis | |
| 6. Czech Republic | Zuzana Silberová | |
| 7. Denmark | Thomas W. Andersen | Peter E. Storgaard |
| 8. Estonia | | Timo Kosenko |
| 9. Finland | Jyri Helenius | Katja Taipalus |
| 10. France | Dominique Labouereix/Emmanuelle Assouan | |
| 11. Germany | Raimund Roeseler | Erich Loeper |
| 12. Greece | Spyridoula Papagiannidou | |
| 13. Hungary | Csaba Kandracs/Gergely Gabler | |
| 14. Ireland | Gerry Cross | |
| 15. Italy | Andrea Pilati | |
| 16. Latvia | Ludmila Vojevoda | Vita Pilsuma |
| 17. Lithuania | Marius Jurgilas/Jekaterina Govina | |
| 18. Luxembourg | Christiane Campill/Martine Wagner | Christian Friedrich |
| 19. Malta | Christopher Buttigieg/Pierre Paul Gauci | Oliver Bonello |
| 20. Netherlands | Maarten Gelderman/Sandra Wesseling | |
| 21. Poland | Kamil Liberadzki | Maciej Brzozowski |
| 22. Portugal | Ana Paula Serra | |
| 23. Romania | | |
| 24. Slovakia | Tatiana Dubinova | |
| 25. Slovenia | Primoz Dolenc/Damjana Iglic | |
| 26. Spain | Angel Estrada/Alberto Rios | |
| 27. Sweden | Karin Lundberg | Camilla Ferenius |

Ingeborg Stuhlbacher (FMA); Stina Mader (Finantsinspeksioon); Julia Blunck, Christian Elbers (BaFin); Jose Rosas (Banco de Portugal); Ada Ziemytie, Ronalds Fisers (SRB); Malte Jahning (ECB)

| <u>Country</u> | <u>Member</u> | <u>Representative NCB</u> |
|-----------------------|----------------------|----------------------------------|
| 1. Iceland | Unnur Gunnarsdottir | |
| 2. Liechtenstein | Patrick Bont | |
| 3. Norway | Morten Baltzersen | Sindre Weme |

| <u>Observer</u> | <u>Representative</u> |
|------------------------|------------------------------|
| 1. SRB | Sebastiano Laviola |

| <u>Other Non-voting Members</u> | <u>Representative</u> |
|--|---------------------------------|
| 1. ECB/SSM | Korbinian Ibel, Carmelo Salleo |
| 2. European Commission | Martin Merlin |
| 3. EIOPA | Kai Kosik |
| 4. ESMA | Verena Ross, Roxana De Carvalho |
| 5. EFTA Surveillance Authority | Marco Uccelli |
| 6. ESRB | Toumas Peltonen |

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Tea Eger; Anne Tiedemann; Erika Sole; Guillaume Olivier; Anita Szekely; Gosia Florczak;

For the Board of Supervisors

Done in Paris on 03 June 2020

[signed]

José Manuel Campa

EBA Chairperson