

EBA MB 2020 050 rev. 1

Management Board

15 April 2020/09:00-10:00

Location: Teleconference

EBA – Regular Use

Management Board meeting – Final Minutes

Agenda item 1: Welcome and declaration of conflict of interest

1. The Chairperson welcomed the Management Board (MB) Members. He informed that since the last MB meeting on 11 March, the Board of Supervisors (BoS) held three conference calls during which the BoS discussed recent developments caused by COVID-19 and took a number of important decisions to address the immediate effects of the pandemic. The BoS also agreed on the publication of a number of statements to provide clarity to banks and consumers on the application of prudential and supervisory measures to support lending into the real economy, whilst maintaining high standards of conduct, consumer protection and measures to tackle financial crime.
2. The MB noted that none of the MB Members declared any conflict of interest.

Agenda item 2: Update on the EBA's working provisions (A-Point)

3. The Chairperson informed the MB that since 11 March, the EBA staff have been working remotely (teleworking).
 4. The Director of Operations continued by summarising the teleworking measures and highlighted, in particular, an excellent IT infrastructure which allowed all staff from the first day of the teleworking regime, to work remotely from their homes. He mentioned that not all EU institutions were able to apply similar measures and that the EBA staff welcomed the existing framework. In this regard he mentioned the staff survey launched three weeks after the first day of the teleworking regime which aim was to collect views from the staff on the framework as well as on any issues the staff faced during the teleworking.
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5. On the operational matters, the Director of Operations updated on the budget execution and HR matters, in particular on the postponement of new requirements and re-allocation of some staff due to lack of some tasks, such as missions.
6. The Director of Operations concluded by stressing a number of key principles that the EBA would follow in the coming weeks, such as considering the welfare of the staff as its main priority; respecting instructions from French authorities with regard to the lockdown; preparing a staged return of the staff to the office; organising physical meetings not earlier than one month after the staff return to the office, and reviewing the teleworking policy.

Agenda item 3: EBA contingency planning on COVID-19 (C-Point)

7. The EBA Head of Policy Coordination Unit (PAC) introduced the item by mentioning that in the context of the COVID-19 outbreak, the EBA has reviewed its contingency planning in order to assess its ability to maintain business continuity in the short and medium term. He stressed the EBA's main task of developing regulatory products according to pre-defined deadlines and how delays caused by current situation could cause negative long-term impacts. He also referred to relationships with external counterparties that could be impacted during the EBA's teleworking regime. To address these issues, the EBA staff has been working on the overview of what policy work should be prioritised with an aim to update the EBA 2020 Work programme as well as to identify priorities for the EBA 2021 Work programme to be submitted to the EU institutions by September 2020.
8. The EBA Director of Prudential Regulation and Supervisory Policy (PRSP) highlighted four activities which were impacted. She mentioned that the Draft Consultation Paper (CP) on RTS on Own funds and Eligible Liabilities was finalised and ready for the BoS approval, but its publication would be postponed. With regard to the Draft CP on RTS on software that was awaited by the industry, the work would be accelerated and various options would be tested. The Director of PRSP also mentioned the work on IFRS9 and benchmarking for which the EBA would need a qualitative input from the industry, and the revision of SREP Guidelines which both would be delayed.
9. The EBA Director of Banking Markets, Innovations and Consumers (BMIC) continued by summarising that within his remit, there could be modest delays but nothing to materially change the priorities. He referred to the work on reporting for which a leeway in the reporting date was applied and noted likely delays on the cost of compliance and integrated reporting studies, as well as securitisation where they required input from the industry. He noted the priority areas of ESG, Fintech and AML continued apace even if the need to engage with industry might cause some modest delays with initial research phases. On AML he also referred to the draft RTS on data base information which required extensive meetings to facilitate discussions with competent authorities (CAs) so current timelines might not be possible.
10. The Director of Economic Analysis and Statistics (EAS) highlighted the delayed stress test exercise, cancelled QIS and explained that the focus was mainly on the monitoring of financial

markets and market developments, including more regular calls with the CAs. While some data collections were delayed, making the risk assessment more challenging, the main risk products will be kept, perhaps changing their focus. He reminded the MB of an additional transparency exercise in June that would give full disclosure on the situation of the EU banking sector at the start of the crisis and, along with the usual Autumn transparency exercise, would provide market participants with much needed information on EU banks, including a preliminary assessment of the impact of COVID-19 and the measures adopted by the EBA in this regard. On the stress test, the EBA would start preparatory work for the 2021 exercise while postponing discussions on the long term changes which would be applicable for the 2023 exercise only. Finally, on the climate change sensitivity, the submission of the data has been significantly postponed giving more time to participating institutions and the scope in terms of asset classes was reduced. He concluded by saying that no major delays were expected within the EUCLID project.

11. The MB welcomed the update on the planning. The Members questioned whether all other activities that were not mentioned were to be delivered as planned in the EBA workprogramme and the Chairperson confirmed it. They also stressed that the planning should be flexible to allow the spread of consultations for several weeks as well as not being linked with one particular date; i.e. the return of the EBA staff to pre-Covid-19 working regime.
12. One Member pointed out that while many deliverables would require more time to be finalised, some deliverables should have higher priority, such as the RTS on software or the transparency exercise. He stressed that for the benchmarking exercise, while some interviews might be skipped, the quality assessment part of the work should be maintained. He also mentioned that some work might be delayed due to remote work of the CAs, such as in relation to EUCLID. Other Member referred to the transparency exercise which should focus not only on the current developments but to cover issues such as payment moratoria as well. He also mentioned that the industry was willing to progress the work related to investment firms, including providing relevant data.
13. One Member requested clarification with regard to the communication with auditors and the Chairperson explained that the EBA was liaising with ESMA and other authorities as well as working on the FAQ with regard to the Guidelines on payment moratoria to provide more clarity for the industry. The Director of PRSP complemented by mentioning that the EBA was in regular contact with the auditors.
14. One Member stressed the need for coordination and cooperation on sensitive issues and homogenous approaches.
15. While confirming that those items which were not specifically mentioned were expected to progress as planned, the Director of PRSP added that based on general developments, any item might be further considered and delayed. She also supported any national qualitative work that could be done by the CAs in preparation of the benchmarking exercise.

16. The Director of BMIC responded to questions about AML implementation reviews that the EBA was still planning these with the Council of Europe, who had requested to backload reviews to the second half 2020, which was the current plan. He clarified that EBA's intention remained to respond to the Commission CfA on a possible AML Regulation by September. He also noted plans for a single EBA focused and efficient data collection on moratoria loans to avoid multiple different approaches across the EU.
17. The Director of EAS clarified that there would be several stages of the transparency exercise and it would cover data from December 2019 (spring stage) to June when the impact of Covid-19 should be more noticeable. He also mentioned that the EBA was working on a short note to assess the impact of the measures set out by the EBA in relation to Covid-19 and that the first draft was planned for the April BoS meeting. A report with a preliminary assessment of the impact of the crisis could be ready in May in order to keep stakeholders informed. On the need for coordination, he also mentioned that the STTF can discuss: i) approaches followed by CAs in assessing the impact of Covid-19; ii) how an "equivalent exercise" to the EU-wide stress test should look like in case a precautionary recap is needed.
18. The Chairperson concluded by thanking the MB for their feedback and informing about the next steps, including the update of the document based on the comments received and the circulation of the updated EBA work programme to the BoS for their feedback.

Participants at the Management Board conference call

15 April 2020

Chairperson Jose Manuel Campa

Alternate Chairperson Jo Swyngedouw

Member Sissy Papagiannidi

Member Maarten Gelderman

Member Raimund Roeseler

Member Martina Drvar

Member Jesper Berg

Alternate Thomas W. Andersen

European Commission representative Dominique Thienpont

EBA Staff

Director of Operations

Peter Mihalik

Director of Economic Analysis and Statistics

Mario Quagliariello

Director of Prudential Regulation and Supervisory Policy

Isabelle Vaillant

Director of Banking Markets, Innovations and Consumers

Piers Haben

Philippe Allard; Jonathan Overett Somnier; Tea Eger; Erika Sole

For the Management Board,

Done at Paris on 13 May 2020

[signed]

José Manuel Campa

EBA Chairperson