



EBA MB 2023 116 rev. 1

Management Board

23 November 2023 / 09:30 – 13:30

Location: EBA premises

EBA – Regular Use

Management Board meeting – Final Minutes

Agenda item 1: Welcome and approval of the agenda and the Minutes (for decision)

1. The Chairperson welcomed the Members of the Management Board (MB). He reminded the Members of the conflict-of-interest policy requirements and asked them whether any of them considered themselves as being in a conflict. No Member declared a conflict of interest.
2. The Chairperson informed that the Minutes of the 25 September 2023 MB conference call were approved by the MB in the written procedure.
3. The Chairperson proposed to change the order of the Agenda and discuss the item on the monitoring of the EBA work programme before the item on the Single Programming Document. The Members agreed with the change of the order and did not raise any further comments on the Agenda.

Conclusion

4. The MB approved the Agenda of the meeting.

Agenda item 2: Administrative and Operational Status Report (for information)

5. The Executive Director presented the Administrative and Operational Status Report. He noted that the tabled report covered the period from September to October 2023.
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6. On Q&A, the Executive Director pointed at the new section of the Report dedicated to Q&A Coordination as per discussion at the previous MB meeting in September. He reminded the Members of the implementation of process changes approved by the Board of Supervisors (BoS) in April 2023 related to Q&A Networks, categorization of new Q&As done at the sub-group level in coordination with the European Commission (EC). He also referred to the backlog reduction and said that since December 2022, 177 Q&As were finalised and 240 Q&As were rejected by the EBA. During the same period, 249 Q&As were submitted. He reminded that while monitoring of the Q&As process was done by Legal and Compliance Unit (LC), ownership of Q&As was distributed per policy Unit as envisaged under the new process arrangements.
7. With regard to Human Resources, the Executive Director informed that the EBA closed the 2023 Performance cycle, including lessons learnt for 2024 cycle. He mentioned that the EBA has been rolling out various aspects of the HR strategy and that recently, the main focus was on developing external mobility and swaps with competent authorities (CAs) and other institutions. The Executive Director announced that the EBA has launched a series of 10 minutes long interviews published on the website –“Diversity & Inclusion Talks (D&I)” to collect testimonies, raise awareness and inspire, and that a D&I Toolkit for managers was under preparation.
8. On Finance and Procurement, the Executive Director said that the EBA was forecasting very high budget execution for 2023. He reminded the Members that there was no budget envisaged for DORA preparations in 2024 and therefore, the ESAs and the EC have been discussing how to address the lack of resources and relevant financing.
9. With regard to Information Technology, the EBA Director of Operations Department (Operations) updated on the Cloudification programme. He said that all IT services were successfully migrated to Azure cloud without any major disruption to the end users. The IT provider’s services have been covered by EC’s Framework Contract. The programme was currently at the acceptance stage, assessing if partial or full acceptance could be done and whether liquidated damages, stemming from the delay, could be applied or waived in the context of the DGIT contract due to the scope refinement.
10. On Communication issues, the Executive Director reminded the MB of a new logo and visual identity and related activities and said that the EBA was finalizing its revised communication strategy. EBA Experts from the Communications Team presented a video on the new visual identity and informed about the main change to the EBA website.
11. The Members welcomed the Report. One Member asked for clarification on Q&A process, in particular how the EBA was planning to treat older Q&As once the CRR3/CRD6 was in force and whether the EBA would reject, for some time period, any new Q&As given the legislative process. Other Member questioned the swap programme and asked for further practical details. He also noted that their CAs has been in the process of cloudification, and that any

lessons learnt would be welcomed. One Member welcomed the presentation on the EBA's new identify and also asked about recommendations and internal audit.

12. In his response, the Executive Director said that the EBA would have to further discuss how to address the link between the Q&As and upcoming legislative changes stemming from CRR3/CRD6 but that moving closer to the application date of the new legislation no questions relating to provisions which would cease to apply should be accepted. The EBA would also find a way of making clear on the website that an answer was only valid as long as a text was applicable. On the swaps between the EBA and CAs, he noted that the EBA's aim was to be flexible and that it was planning for the swaps to be between six months to two years. The Executive Director confirmed that the EBA submitted all its responses to auditors on time and that it has been waiting for their feedback.
13. The Head of LC noted that the new set up for dealing with Q&As has been welcomed both internally by the EBA but also externally by the Q&A Network. He also noted that in the past, the EBA had reviewed some of the older Q&As and that the EBA would consider various options for the upcoming MICA, DORA and Basel III legislative changes.
14. The EC representative stressed that the priority for the EBA should be the implementation of the legislative changes and agreed that the EBA should consider conditions under which it would reject new Q&As.
15. The Chairperson concluded by noting the comments.

Conclusion

16. The MB took note of the Administrative and Operational Status Report.

Agenda item 3: Work programme 2023 monitoring (for discussion)

17. The Chairperson introduced the item by reminding the Members that each year, there were two regular updates on the Work programme execution. The first one was presented to the MB in May.
18. The Executive Director continued by noting that the progress report has substantially benefitted from the migration of the work programme planning and monitoring tool developed internally from an excel-based solution to an access database. This was furthermore complemented with discussions organised in October with all Heads of Units. The Executive Director summarized that the execution of the work programme was on track, notwithstanding a few tasks that were at risk or delayed, or others that were on hold or not started. Overall, the situation was rather comparable to that at the same period last year. He however noted that while the share of tasks at risk or delayed was lower (in absolute and relative terms) those on hold had increased somewhat in reflection of increased pressure on resources and notwithstanding considerable internal redeployments. With the policy work on DORA and MiCAR expected to come to an end in 2024, the resources would be re-deployed

to work on the impending banking package and revised payment framework. While there were no particular points of worry, the Executive Director noted that the organisation as a whole has been under pressure due the lack of ad hoc resources for new mandates, and that for this reason the possibility to obtain extra temporary resources had been and would be further discussed with the EC.

19. The Members welcomed the update. They questioned the number of tasks identified as on time, enquiring how they would be delivered before the end of the year given that the percentage was relatively high. One Member noted that while there were new tasks each year, there were no or few tasks that were being removed and therefore highlighted the importance of prioritisation to handle the high number of mandates.
20. The EC representative acknowledged the importance of the monitoring which was also a good source of information for the EC, in particular as regards potential delays. To the extent that any of these would give rise to concerns, the EC would report back to the EBA.
21. The EBA Senior Expert noted that many of the tasks that were identified as on time did not have a final delivery date by the end of the year. While intermediary outputs may have been delivered during 2023 in the form of discussion or consultation papers, the final product may not be due until 2024 or later. To the extent that work progresses as planned, they are referred to as on time.
22. The Executive Director noted that the EBA has been receiving new mandates in the legislative acts, but he explained that due to constraints, such as limited resources, some tasks had to be deprioritised.
23. The Chairperson concluded by noting the comments and said that the appropriate prioritisation of tasks was important.

Agenda item 4: First draft SPD 2025-2027 (for information)

24. The Chairperson reminded the Members that the EBA has been preparing the Single Programming Document (SPD) annually in order to set out the EBA's planning and needs – in terms of priorities of its work and of resources.
25. The Executive Director continued to introduce the topic by first setting out the general context for EBA's planning, the multi-annual priorities, and the annual priorities for 2025, which build on those from the previous SPD with some adjustments. The proposals for the priorities followed the new approach for setting the EBA priorities adopted in June. He also briefly noted that for the Union strategic supervisory priorities (USSP) the EBA was proposing to keep the priorities adopted in June unchanged. The Executive Director continued by summarising the main challenges and constraints that the EBA was facing, referring to in particular to the high number of mandates and requests, but also set out possible mitigating measures, such as internal reshuffling, sequencing of work, standardisation and possible automatisations of the

work, external resources, and adjustments to the work programme as the last resort. He focused on the resources needs and potential way forward, which involved exploring a pooling of resources between ESAs for DORA work. He concluded by setting out the next steps for the timeline before the SPD would be submitted to the EU institutions by 31 January 2024.

26. The Members supported the work and agreed with the proposed priorities. They also agreed not to update the USSP. On priority 2, related to enhancing risk-based financial stability, some Members suggested that the focus should include actual physical risks. One Member questioned whether, in relation to that priority, the EBA had, as could be understood from one paragraph, a role in developing the green market and said that the EBA should mainly focus on supervision and consumer issues. One Member stressed in the context of the transition from EBA to AMLA, that AML-related work should continue given the reputational risk involved, and furthermore referred to resources' issues, both at the EBA but also national level, in relation to future oversight, supervision and other tasks to be carried out in relation to DORA and MiCAR. Another Member acknowledged the lack of resources and of experts on the market. He added that the topic of cyber resilience and related challenges seems missing from the priorities. Other Members suggested that the ESAs and CAs put additional emphasis on the approaches to supervise market participants based on the upcoming legislation and that these topics are discussed at EU level.
27. The EBA Director of Innovation, Conduct and Consumers Department (ICC) highlighted that consumer aspect of priority 5 should be understood in a broader sense and clarified that this covers the EBA's new mandates stemming from PSD3 and other legislative acts in addition to consumer protection related work in a narrower sense.
28. The Executive Director mentioned that the AML team at the EBA would continue to work on AML-related topics, and may also be involved in new policy mandates, to help facilitate the transition to AMLA. On MiCAR, he reminded Members of the recently set up coordination group on crypto-asset supervision which met earlier in the week for the first time and was planning to draft a handbook on supervisory practices to be used by the CAs. He also referred to DORA and said that some of the technical work would be done in 2024 already while the actual oversight would start as of 2025. Here the newly established High-level Group on DORA Oversight has being convened for the first time in early December. In this regard, he mentioned that in total there were 30 resources allocated to the three ESAs for DORA tasks, and that – as mentioned above – there were explorations whether these could be pooled between the ESAs. In his response to the comments on physical risks and cyber resilience, the Executive Director welcomed the proposals from the Members and noted that this could be developed in the draft SPD.
29. The Chairperson concluded by noting the comments and said that MiCAR and DORA posed significant, but rather different challenges for the EBA, the ESAs as well as CAs. Therefore, coordination was essential, and the aim of the recently established coordination groups was to create a platform for discussion and exchange of views.

Conclusion

30. The MB supported the priorities as proposed and also agreed with the resources planning.

Agenda item 5: EBA 2024-26 college monitoring approach (for discussion)

31. The Chairperson introduced the item by reminding the Members that the EBA had a mandate in fostering the effective, efficient and consistent functioning of supervisory and resolution colleges. The EBA also had a role to play in IPU colleges, CCP resolution colleges, as well as the investment firm colleges. Given that the currently applicable college monitoring approach was planned until the end of 2023, the EBA prepared the tabled college monitoring approach for the next 3 years (2024-2026).
32. The EBA Director of Prudential Regulation and Supervisory Policy Department (PRSP) continued by explaining that the proposed approach for 2024-26 was based on experiences gathered over the years, in particular in the last three years and the results of the recently ran KPI survey. The EBA also considered that the implementation of the new CRD-CRR would impose a necessary shift of the EBA focus from the convergence monitoring activities towards the development of policy products and therefore, the aim of the proposal was to maximise the benefits of the EBA college monitoring with available limited resources. The proposed approach consisted of a small reduction in the number of closely monitored colleges but still ensuring the EBA colleges' activity remained meaningful and allowing to cover a sufficiently diverse group of colleges. The suggested number of closely monitored colleges would be eight. The EBA would put on hold the KPIs exercises, while requesting the consolidating supervisor to close the gap if shortcomings were identified in the current (2023) exercise. The EBA would also share-good practices identified in the exercise and would not undertake any other specific activities neither training for the colleges, unless crisis events would materialise. The regular EBA reporting on the activity of colleges would also be consequently reduced.
33. The Members supported the work. One Member suggested to include also other resolution CCPs in the list as these were relatively new and were impacted by Brexit. Other Members referred to AML colleges and participation of 3rd countries subject to the equivalence of confidentiality requirements. Another Member would welcome more regular and timely exchange of quantitative information in the colleges.
34. The Director of PRSP clarified that the proposal did not cover AML colleges as this would be covered elsewhere in conjunction with the upcoming transition to AMLA. She also confirmed that the EBA would further discuss in more detail how information could effectively be exchanged in the colleges.
35. The Chairperson concluded by noting the MB's support for the proposal.

Conclusion

36. The MB supported the approach for the colleges' monitoring in period 2024 – 2026.

Agenda item 6: Pillar 3 Data Hub project (for discussion)

37. The Chairperson introduced the item by noting that the CRR3 proposal introduced new mandates for the EBA (Articles 433, 434 and 434a) to centralise institutions' prudential disclosures and make prudential information readily available through a single electronic access point on the EBA website. The Pillar 3 Data Hub project was a strategic project to promote market discipline, as it should increase the overall transparency of the financial sector through the centralisation of the institutions' Pillar 3 disclosures. It leveraged on the EBA's past work on transparency, on the Pillar 3 disclosures and the building up of EUCLID.
38. The EBA Director of Data Analytics, Reporting and Transparency Department (DART) continued by explaining that the project would facilitate centralised and easy access by all stakeholders to prudential disclosures from all EEA institutions, promote transparency and market discipline in the EU banking sector and further contributing to the soundness of the European financial system. In the case of large and other institutions, and according to the current draft legislation, institutions would submit their Pillar 3 disclosures in electronic format to the EBA for publication in the hub. While ownership of the data and the responsibility for its accuracy would remain with the institutions that produce it, the EBA would make available on its website the information required to be disclosed in accordance with the CRR and ensure that the information disclosed in the hub was identical to the one submitted by the institutions. In the case of small and non-complex institutions (SNCIs), the EBA would act not only as a hub for the disclosures but would actually calculate the disclosures figures on the basis of the supervisory data already submitted by these institutions. On the process, she summarized that the EBA has been preparing for the implementation of the Pillar 3 Data Hub (P3DH) to have the hub operational from 2025. In order to ensure that these objectives are met, the EBA has launched an IT development project as well as engaged with the CAs and the industry to discuss several topics, including the processes for the functioning of the P3DH. The EBA has also launched a pilot exercise where 17 institutions that have volunteered to participate in testing the data submission to the EBA. In addition, in order to get early feedback in preparation for the work on the different parts of the mandate, the EBA was planning to publish a Discussion paper in December to collect feedback from all stakeholders on the possible implications of the P3DH process.
39. The Members welcomed the work and agreed it would increase transparency and use of Pillar 3 data by providing easy access to comparable bank data. They asked clarifications on different approaches for large institutions and SNCIs as well as quality assurance process. Some Members asked if the Hub would include also historical data. The Director of DART explained that banks would be responsible for the data provided and the EBA would include in the Hub only the data provided by the large and other institutions and the figures calculated on the basis of supervisory data provided by the SNCIs.

40. The Chairperson concluded by noting the comments and confirmed that the EBA would clearly communicate banks' responsibility for their data quality published in the Pillar 3 Hub.

Agenda item 7: Provisional Agenda of the BoS conference call on 12 December 2023 (for discussion)

41. The Chairperson reminded the MB that the next BoS conference call was scheduled on 12 December.
42. The Members did not raise any comments.
43. The Chairperson concluded by noting the MB's support.

Conclusion

44. The MB took note of the draft Agenda of the 12 December 2023 BoS conference call.

Agenda item 8: Designation of reporting officers (for decision)

45. The EBA Head of Legal and Compliance Unit (LC) reminded the Members that on 20 December 2011, the MB adopted the general implementing provisions on the appraisal for the Chairperson and the Executive Director. This Decision set the procedure concerning the annual appraisal of the Chairperson and the Executive Director, including the designation of reporting officers and their roles. According to the Decision, the MB should designate at least two reporting officers from amongst its members for this purpose on an annual basis. The MB would act as the appeal assessor and the EC representative may also participate as an observer. The officers should hold a formal dialogue with the Chairperson and Executive Director regarding fulfilment of last year's objectives and implementation of the work programme. They then draw up an appraisal report and set the objectives for the next year.
46. Ms Kristine Cernaja-Mezmale and Mr Raimund Roeseler applied for the roles of reporting officers and the MB supported their designation. Mr Almoró Rubín De Cervin from the EC agreed to participate as an observer.
47. The Chairperson concluded by noting the MB's support.

Conclusion

48. The MB designated Ms Kristine Cernaja-Mezmale and Raimund Roeseler as reporting officers for the appraisal of the EBA Chairperson and Executive Director.

Agenda item 9: AOB (for information)

49. The EC representative updated the Members on the banking package. He said that the package would be formally agreed in COREPER on 06 December 2023 and on 11 December in ECON and that the vote in plenary was scheduled for March/April 2024. He welcomed the EBA's work on the Basel III roadmap, including the first consultation papers that would be published in the coming week. He concluded by referring to the EU-US dialogue meeting planned for early December 2023 and discussing with the US counterparts on the Basel III implementation.
50. The Members did not raise any comments.

Participants at the Management Board meeting

23 November 2023

Chairperson Jose Manuel Campa
Vice-Chairperson Helmut Ettl

Member Kamil Liberadzki
Member Angel Estrada
Member Heather Gibson
Member Kristine Cernaja-Mezmale
Member Raimund Roeseler
Alternate Laszlo Vastag

European Commission representative Almore Rubin De Cervin

EBA Directors

Executive Director	Francois-Louis Michaud
Director of Operations	Peter Mihalik
Director of Prudential Regulation and Supervisory Policy	Isabelle Vaillant
Director of Innovation, Conduct and Consumers	Marilyn Pikaro
Director of Economic Risk and Analysis	Jacob Gyntelberg
Director of Data Analytics, Reporting and Transparency	Meri Rimmanen

EBA Head of Units

Philippe Allard
Jonathan Overett Somnier

EBA Experts

Tea Eger
Guy Haas

For the Management Board,

Done at Paris on 22 December 2023

[Signed]

José Manuel Campa

EBA Chairperson