

EBA BS BSG 2024 005 rev. 1

Board of Supervisors and Banking
Stakeholder Group

24 April 2024

Location: teleconference

Board of Supervisors and Banking Stakeholder Group

Minutes of the joint conference call on 24 April 2024

Agenda item 1: Welcome and approval of the agenda

1. The EBA Chairperson welcomed the Members of the Board of Supervisors (BoS) and the Members of the Banking Stakeholder Group (BSG).
2. The EBA Chairperson asked the BoS and BSG members whether there were any comments on the draft agenda. There were no comments on the agenda.
3. Finally, the EBA Chairperson informed the BoS and BSG that the Minutes of the last conference call on 18 October 2023 have been approved by written procedure.

Conclusion

4. The BoS and BSG approved the agenda of the conference call.

Agenda item 2: Report on the activities of the BSG and the BSG end-of-term report

5. The EBA Chairperson reminded the Members that this was a last joint conference call of the BoS and the BSG in this composition because the mandate of the BSG was due to expire and the EBA had launched a call for new BSG Members and the composition of the new BSG would be proposed for approval by the BoS in June.
 6. The BSG Chairperson presented the end-of-term report and summarised the main activities of the BSG over four years. She noted that there were six Technical Working Groups, encompassing Capital and Liquidity; Recovery and Resolution; Supervision,
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Governance, Accounting, Reporting, and Disclosure; Consumer Protection; Payments, Digital Fintech, and Regtech; Sustainable Finance, AML/CFT. The coordinators of these Groups met on regular basis as well as organized specific meetings with EBA experts on particular topics. Over the course of four years, the BSG drafted over 40 v papers, all published on the EBA website and organized two workshops.

7. The BSG Vice-chairperson highlighted efficient collaboration withing the BSG as well as with the EBA.
8. The coordinators of each Technical Working Group briefly summarised their main outputs and contributions to the EBA’s work, in particular the responses to various consultation papers but also own initiative papers and reports.
9. The Members did not raise any comments.
10. The Chairperson concluded by welcoming the thorough and detailed summary of the BSG presented.

Agenda item 3: BSG contribution to DORA mandates

11. The EBA Chairperson introduced the item by noting that the European Supervisory Authorities (ESAs) published the first set of DORA policy mandates in January 2024 and were currently finalizing the second batch of mandates. At the same time, the ESAs have been focusing on the set-up of the future oversight functions. He thanked the BSG for their input on various consultation papers.
12. The BSG representatives continued by presenting their contributions on various DORA-related mandates in the preparatory phase, the first and second batch of consultation papers. BSG members stressed on the receptiveness of ESAs and the positive changes introduced in the first batch of DORA instruments following the public consultation. They focused their presentation on the second batch of DORA mandates and their joint responses on incident reporting, subcontracting and threat led penetration testing. On incident reporting, they welcomed harmonised reporting and alignment with existing sectorial guidelines. They also focused on proportionality considerations for smaller entities, aggregated reporting and specific points for clarification. With regard to the subcontracting, the BSG representatives stressed on the need to define and clarify further the proportionality requirements and the ICT services within the scope. They also expressed concerns on the detailed monitoring of the entire chain of subcontractors and the respective contractual relationships and said that there was not yet industry practice and it may take time to implement. The BSG Members also highlighted the potential challenge to fully apply risk management and contracting requirements along the entire ICT subcontracting chain. On the thread led penetration testing, the BSG representatives supported a cross-sectoral approach and commented on a number of technical issues, such as operationalisation of pooled testing, the scope of the thresholds for some financial entities and the requirements for risk management and testers.

13. A BoS Member reflected on the main points raised by the BSG representatives in their presentation. He acknowledged efforts by the ESAs in terms of coordination of the work and finalisation of the mandates and welcomed the horizontal approach taken with the DORA legal instruments. With regard to some of the specific points, he acknowledged the merits of aggregated reporting and indicated it should also cover reporting at the national level for smaller institutions. He also highlighted the general need to consider proportionality.
14. The EBA Team leader on DORA oversight preparations praised the quality input from the BSG and the other ESAs stakeholder groups and indicated that all the input has been taken into consideration. He also stressed that for all DORA mandates, the ESAs opted for the highest level of harmonisation and alignment between the sectors. On incident reporting, he highlighted that the ESAs were considering how to ensure that the timelines were not more restrictive than existing sectorial requirements, and that the ESAs were exploring how to streamline the content of the incident reports, especially at the early stages of the incident. He also highlighted potential clarification on aggregated reporting at national level. On subcontracting, he said that the proportionality requirements would be aligned with other DORA RTS and clarified further. On the monitoring of the subcontracting chain, he noted that greater attention would be paid to ICT services supporting critical or important functions. On threat-led penetration testing, the DORA Team leader indicated that various clarifications would be introduced, including on the testing process. He stressed the importance of the requirements on risk management and testers, alluding that the latter could be made more relaxed. He also explained that the ESAs were considering a limited consultation on the feasibility study for a central incident reporting EU-HUB with the ESAs stakeholder groups. He concluded by acknowledging the concerns expressed on the preparations for the DORA oversight and highlighted the dry-run initiative undertaken by the ESAs to support the industry for their preparation of the registers of TPP information.
15. The Chairperson concluded by noting the Members' comments.

Agenda Item 4: Update on CRR3 mandates on Pillar 3 - Pillar 3 ITS on disclosure requirements and Pillar 3 data hub

16. The Head of the Reporting and Transparency Unit (RT) introduced the item by discussing the amendments driven by CRR3. She noted that the EBA has been promoting transparency since its inception, which was a key driver of market discipline. Transparency reduced the asymmetry of information between institutions and stakeholders and was contributing to safety and soundness in the financial sector. She continued by presenting the latest EBA Implementing Technical Standards (ITS) which provided a complete Pillar 3 disclosure framework aiming at facilitating implementation by institutions and improving clarity for users of information. They also aligned disclosure requirements at the EU level with Basel standards. The Head of RT also updated on the Pillar 3 data hub project (P3DH). She explained that the aim of the P3DH was to facilitate the access and comparison of banks' information through the centralisation of prudential Pillar 3 disclosures. This included all information necessary to comply with the disclosure requirements set out in Part Eight of

the CRR, including both quantitative and qualitative information. The EBA would become the central source of information, even if the institutions individually continue with the publication of their data. Such an approach generated several benefits: market discipline was facilitated via access to information, increasing data usability and comparability. It served as a single platform for users of information to have common access to the data disclosed by institutions in their Pillar 3 reports, increasing the use of data. It offered the possibility to download and compare Pillar 3 quantitative information for multiple banks in a harmonized format, benefiting from interactive/visualisation tools. It also contributed to further reducing the costs of compliance with Pillar 3 disclosure obligations for certain institutions, particularly for SNCIs. This included proportionality to reduce the cost of compliance. The Head of RT concluded by noting that in December 2023, the EBA published its CRR3 roadmap, which included multiple steps for P3: firstly, to amend the ITS, followed by the deployment of the Data Hub for large institutions (running from June 2025). She presented the preparatory work on P3DH, which included a discussion paper and a pilot with 17 institutions. She explained how the implementation of CRR3 was organized into steps, starting with those that are relevant to Basel implementation. She also reminded the Members that the EBA published the consultation paper on the Pillar 3 disclosure ITS also in December 2023, with the feedback received mostly referring to the disclosure of the impact of the output floor, the level of granularity of the breakdowns by asset class for credit risk, and for ‘exposures secured by mortgage on immovable property’. She referred to the first application of the new disclosure templates for market risk and technical comments on the mapping tool and said that the EBA was considering these and that the final publication was expected in June 2024, with the first date of application in line with the CRR 3 (i.e., first disclosure reference date 31 March 2025). On the EBA side, the process involved defining data, DPM, and taxonomy. With the new P3DH process, the EBA needed to specify not only the ITS, templates, and instructions but also to provide technical documentation for the Pillar 3 templates implementation by institutions: DPM, XBRL taxonomies, Validation rules. The EBA processes would be built on existing EBA infrastructure (EUCLID, EDAP). Finally, the Head of RT mentioned the future work on the resubmission policy and feasibility study, and the continued publishing of the mapping.

17. The Members supported the work. One BSG Member highlighted the innovative aspects of the project and emphasised the importance of market discipline and the need for standardised and accessible data. The Member also mentioned that consultations and dialogues with the industry were ongoing, aiming to facilitate the use of data for all interested stakeholders, with proportionality being an ongoing concern. Finally, the Member described the project as comprehensive and suggested that it would be a recurring topic in future discussions. Other BSG Member presented the findings included in the BSG draft opinion. She appreciated the enhanced compatibility, reduced data download time, and less effort for institutions in layout concerns. She noted challenges like the parallel run of the banking package with P3DH, resubmission policy, and need for guidance on access rights and data validation. She suggested benefits of centralised calculations, proposed CA signoff, and raised concerns about quality checks before EBA data publication. Another

BSG member discussed the BCBS's proposal to reduce variability through the output floor. She noted that the EU agreed on transitional arrangements for market specificities and highlighted the impact of the floor on internal models and average risk weights. She noted that the consultation paper published in December suggested that banks should disclose the fully loaded output floor capital ratio without EU transitional arrangements from 2025 and that this proposal should be further discussed what another Member also supported. One Member highlighted their concern regarding the pushback to Basel III implementation in the USA, urging the EBA to keep on with CRR3 implementation and to use less conservative interpretation of the mandates where possible. A few BSG Members cautioned the EBA from gold-plating and encouraged a flexible interpretation concerning Basel III implementation. One BSG Member stressed the importance of the resubmission policy for the successful functioning of the P3DH and noted that the recently published final EBA GLs on regulatory reporting showed no materiality. The Members said that it was expected that there would be consistency between the supervisory reporting resubmission framework and that of disclosure. He also raised concerns about the potential increase in costs for the industry if a pragmatic materiality threshold was not introduced. Another BSG Member stressed the importance of monitoring compliance with Basel III convergence. Another Member expressed concerns about the ambitious timeline for June 2025 for the P3DH, suggesting it might need to be postponed given the many open questions and implementation challenges regarding disclosure and reporting requirements. He proposed that large institutions should submit to the EBA, questioning whether the submission channel through CAs was the best approach.

18. In response to the comments, the Head of RT agreed with the relevance of the P3DH from a market perspective and the comments on proportionality. She confirmed that minimum quality checks would be conducted but emphasised that the responsibility of the data was with the institutions. She agreed with the importance of finding information. The Head of RT acknowledged the importance of the resubmission and highlighted that the resubmission policy in the case of disclosure may not follow the same approach as for reporting, given the different objectives of the disclosure and reporting framework and the different addresses, and that for disclosure, a policy more in line with the IFRS rules for restatement of financial statements was considered by the EBA. She then addressed the topic of the fully loaded capital ratio and concluded that the EBA was now analysing the feedback received, and that this would be considered in the finalization of the ITS. Finally, the Head of RT mentioned that the EBA was also analysing feedback on operational risk. She announced that the final draft ITS should be ready for publication and submission to the EC at the end of June.
19. The Chairperson concluded by noting the comments raised.

Agenda Item 5: AOB

20. The Chairperson reminded the Members that this was the last joint BoS/BSG conference call in the current BSG composition and thank on behalf of the BoS all the BSG members for their contribution to the work of the EBA.

Participants of the Joint Board of Supervisors and Banking Stakeholder group conference call on 24 April 2023¹

Table of attendance¹

BSG			
Julia	Strau	Raiffeisen Bank International AG	Austria
Sebastian	Stodulka	Erste Group	Austria
Sébastien	de Brouwer	European Banking Federation	Belgium
Constantinos	Avgoustou	Regtify	Cyprus
Poul	Kjær	Copenhagen University	Denmark
Fanny	Rodriguez	Fintecture	France
Veronique	Ormezzano	VYGE Consulting	France
Christian	König	Verband der Privaten Bausparkassen	Germany
Edgar	Löw	Frankfurt School of Finance and Management	Germany
Wolfgang	Gerken	JP Morgan SE	Germany
Yuri	Scarra	Goldman Sachs Bank Europe SE	Germany
Leonhard	Regneri	Input Consulting gGmbH	Germany
Jennifer	Long	International Monetary Fund	Ireland
Andrea	Sità	Uilca	Italy
Concetta	Brescia Morra	University Roma Tre	Italy
Tomas	Kybartas	Lithuanian Consumers Alliance	Lithuania
Rens	van Tilburg	Sustainable Finance Lab	Netherlands
Monika	Marcinkowska	University of Lodz	Poland
Maria	Ruiz de Velasco	RegGenome	Portugal
Vinay	Pranjivan	DECO	Portugal
Alin	Iacob	Association of Romanian Financial Services Users (AURSF)	Romania
Monica	Calu	Consumers United/Consumatorii Uniti Association	Romania
Patricia	Suarez Ramirez	ASUFIN	Spain
Johanna	Orth	SEB	Sweden
BoS			
Karin	Turner-Hrdlicka	Oesterreichische Nationalbank	Austria
Jo	Swyngedouw	National Bank of Belgium	Belgium
Stoyan	Manolov	Bulgarian National Bank	Bulgaria

¹ Pascal Hartmann (FMA); Andrew Ennis (Central Bank of Ireland); Marek Sokol (CNB); Laura Clausen (Danish FSA); Marco Giornetti (Bank of Italy); Liga Kleinberga (Latvijas Banka); Ivan-Carl Saliba (MFSA); Olga Szczepańska; Pawel Gasiorowski (NBP); Frida Alvarsson (Finansinspektionen);

Constantinos	Trikoupis	Central Bank of Cyprus	Cyprus
Zuzana	Silberova	Czech National Bank	Czech Republic
Morten	Rasmussen	Danmarks Nationalbank	Denmark
Timo	Kosenko	Eesti Pank	Estonia
Andres	Kurgpõld	Finantsinspektsioon	Estonia
Indrek	Saapar	Eesti Bank	Estonia
Marko	Myller	FIN-FSA	Finland
Katja	Taipalus	Bank of Finland	Finland
Francois	Haas	ACPR	France
Adam	Ketessidis	BaFin	Germany
Heather Denise	Gibson	Bank of Greece	Greece
László	Vastag	Central Bank of Hungary	Hungary
Csaba	Kandrács	Magyar Nemzeti Bank (Central Bank of Hungary)	Hungary
Björk	Sigurgísladóttir	Central Bank of Iceland	Iceland
Gerry	Cross	Central Bank of Ireland	Ireland
Francesco	Cannata	Bank of Italy	Italy
Ludmila	Vojevoda	Latvijas Banka	Latvia
Simonas	Krėpšta	Bank of Lithuania	Lithuania
Friedrich	Christian	Banque centrale du Luxembourg	Luxembourg
Christopher	P. Buttigieg	MFSA	Malta
Oliver	Bonello	Central Bank of Malta	Malta
Willemieke	van Gorkum	De Nederlandsche Bank	Netherlands
Per Mathis	Kongsrud	Finanstilsynet	Norway
Kamil	Liberadzki	Komisja Nadzoru Finansowego	Poland
José	Rosas	Banco de Portugal	Portugal
Rui	Pinto	Banco de Portugal	Portugal
Cătălin	Davidescu	National Bank of Romania	Romania
Linda	Simkovicova	National Bank of Slovakia	Slovakia
Damjana	Iglič	Banka Slovenije	Slovenia
Primož	Dolenc	Banka Slovenije	Slovenia
Angel	Estrada	Banco de Espagna	Spain
Agustin	Perez Gasco	Banco de Espagna	Spain
Magnus	Eriksson	Finansinspektionen	Sweden
Almoro	Rubin de Cervin	European Commission	
Marta	Runarsdottir	EFTA Surveillance Authority	
Francesco	Pennesi	SRB	
Katrin	Assenmacher	ECB	
Tuomas	Peltonen	ESRB	

EBA

Chairperson
Director of Prudential Regulation and Supervisory Policy

Jose Manuel Campa
Isabelle Vaillant

Department

Director of Innovation, Conduct and Consumers

Marilyn Pikaro

Department

Director of Data Analytics, Reporting and Transparency

Meri Rimmanen

Department

EBA Heads of Unit

Philippe Allard; Pilar Gutierrez

EBA experts

Tea Eger; Antonio Barzacki

BSG

Chairperson

Rym Ayadi

Done at Paris on 12 June 2024

For the Board of Supervisors

For the Banking Stakeholder Group

[signed]

[signed]

José Manuel Campa

Rym Ayadi

EBA Chairperson

BSG Chairperson