

Minutes of the 16 May 2012 Meeting of the Management Board¹

Opening and approval of the minutes and agenda

1. The agenda was approved with two additional items: a presentation from the Regulation Cluster on the EBA contribution to the Commission paper on Shadow Banking and an update on the Code of Conduct. The minutes (EBA MB 2012 023) were approved.
2. The immediate action to be taken by the EBA would be in terms of the coordination of supervisory action. The Chairperson stressed the importance of keeping the communication channels open and highlighted the need for receiving information from the national authorities before this is made public.
3. The Management Board agreed that the coordination between the EBA and ECB coordination role will be crucial in the developments of the current market. In case of policy changes, measures should be in place to avoid the contagious effect.

Code of conduct in emergency situations

4. The MB was provided with an update on the work performed so far by the informal Task Force on the Code of Conduct in Emergency Situations.
5. The Task Force is trying to accelerate work on the document. In terms of substance, the Executive Director stated that the Task Force agreed on establishing channels of communication to a high and working level.

Follow-up of the Recapitalisation exercise

6. The Chairperson introduced the document prepared by EBA staff on the follow-up of the Recapitalisation exercise Measurement of the 9% temporary capital buffer after 2012.

¹ Please note that these minutes include information which the EBA cannot disclose under its Access to Documents regime due to (i) the public interest as regards the financial, monetary & economic policy of the EU; and (ii) its own, and the Council's, internal consultations and deliberations in order to safeguard their ability to carry out their tasks.

7. The purpose of the note is to seek advice from the Management Board on the most effective way to frame a discussion on the interaction between the 2012 recapitalisation recommendation and the introduction of CRD4/CRR.
8. It was agreed to redraft the above mentioned note to be discussed during the BoS conference call on 22nd May; the note should be focused only on the definition of capital.

Selection of the New Premises

9. The Executive Director stated that the main objective of today's meeting is to select which building the EBA should move to concerning the EBA's long term office solution. For this reason, additional information (draft fit out plans of shortlisted properties) was distributed during the meeting among the members. He also added that a final decision for a long term solution is needed before mid June at the latest to exercise a break out clause and to have sufficient time for the fit out works, in case a move to another property will be the most preferred option.
10. A general overview on the selection of the new premises was provided by the Director Operations. As announced in the previous management board meetings, due to the growing number of staff, the current office space is fully used with no free space available. To cope with the future growth, it is necessary to arrange an increase of available office space.
11. The Director Operations also stated that the process to increase the office space is rather long; therefore, a short-term solution has been put in place as an interim solution. For this reason, the EBA has arranged with Tower 42 to lease an additional leaf on floor 20. The contract was signed by the EBA on 3rd May 2012 with immediate availability of the office space. This short-term solution bridges the gap until the end of the year when the new premises are planned to be made available.
12. As far as the long-term solution is concerned, the Director Operations explained the requirements applied by the EBA in the initial search. The Executive Director clarified that break option in the lease is the most unusual requirement set by the EBA as opposed to common market practice.
13. In the second round and after a scoring based on weighting, the EBA formed a final shortlist of four properties, including the potential option to stay in Tower 42. The Heads of Terms were further negotiated with the four shortlisted premises.
14. The Management Board decided that in order to make an informed decision on selecting the most suitable long term office solution, the documents presented at today's meeting should be redrafted and accompanied by a filed quality assessment document (in line with the criteria requested by the European Parliament) and a new scoring on updated detailed information.

15. The new document should be circulated to the Management Board, on Monday 21 May; a final decision will be adopted via a written procedure. The BoS will be briefed on the proposal adopted by the Management Board on the future office solution for the EBA at the next meeting in June.

Election of new members of the Management Board

16. On 8 May 2012, a call for nominations was launched for the three vacant positions of Member of the EBA Management Board for a duration of 2.5 years. The deadline for submission of nominations was 15 May 2012.
17. The election of the new members of the Management Board is due to take place at the upcoming Board of Supervisors Meeting of 6th-7th June 2012, in accordance with the procedures set out in Article 9.6 of the Board of Supervisors Rules of Procedure.
18. The BoS members will be informed about the nominations received for the stated vacant Management Board positions after today's meeting.

IAS Strategic Audit Plan 2012-2015

19. Director Operations presented the document concerning the IAS Strategic Audit Plan 2012-2015. In December last year, the EBA signed an agreement with internal auditors. The first task is to set up the audit plan, to identify the areas which should be audited in the next few years.
20. In January of this year, the EBA received a visit from the internal auditors with two teams, one performing the general risk assessment and the other one to evaluate the IT area. As a result, lists of sub-processes were identified as weaknesses within the EBA, therefore, the EBA was requested to define action plans for these processes.
21. With reference to the main audit topics for the coming 3-year period, the most important one is the assessment of status of the Internal control standards.
22. At the end of this year, an internal control standard audit will take place by the IAS to evaluate the level of implementation in the identified audit topics and to update the matrix. The Management Board approved the IAS Strategic Audit Plan 2012-2015 for the EBA.

Administrative and Operational Status Report

23. The Management Board was provided with an update on the Administrative and Operational Status Report. Regarding the Budget execution, the Director of Operations noted that, according to the Financial Regulations, any budget transfer between titles above 10% of a respective budget line is subject to the approval of the Management Board. He added that there are two budget transfers that meet this requirement and, consequently, require the Management Board's approval.

24. The above mentioned two budget transfers were approved by the Management Board.
25. With reference to the payments, there has been an improvement compared to the previous reporting period, since the average time for processing payments has been reduced back to a 20-25 days range. Nevertheless, there is still room for improvement. With regards to the Reimbursements of missions, there has been a significant reduction from 31.3 day to 19.78 days.
26. In procurement, due to the large number of required tender procedures and limited resources, it was decided to prioritise the tender procedures that will take place this year; thus, some of them will have to be postponed and consequently will require an exception note to be signed until the respective procurement procedures are completed following year.
27. Concerning Human Resources, in December 2011, the number of staff was 52 which was slightly below the establishment plan at that time. By contrast, the establishment plan for this year is 95, consequently, 43 people need to be hired this year. Selection procedures have been completed for 20 positions out of 43.
28. Two main areas were highlighted regarding Information Technology: XBRL taxonomies and Financial Institute Register. The Director of Operations further explained the progress made in these areas.
29. One member of the Management Board inquired about the meaning of "committed budget" as noted in the report and added that some of the terminology used in this report is unclear for some Management Board members. He understands that this is the terminology generally used at a European level, and in particular, by the European Commission, but nevertheless, a solution must be found.
30. The Management Board agreed that footnotes should be inserted into the next Administrative and Operation Status Reports explaining any EU terminology used in the report, in particular, in the area of budget planning and execution.

Update on the treatment of the EASs' Budgetary Surplus Budget for 2013

31. The Executive Director informed the Management Board of the latest updates on the treatment of the of the EASs' Budgetary Surplus for 2013. A meeting was held in Brussels on 15 May between the Executive Directors of the three EASs and the Director General of the DG Budget.
32. The solution suggested by the Commission would be as follows: in the EASs's closing accounts for 2011, the EASs's will show the surplus for that year as an obligation to the Commission. Then, the surplus will be dealt

with as assigned revenue for the purposes of the respective ESAs; the recovery order will not be issued until the end of 2012 and for the 2013 budget, which effectively means that the surplus will be deducted from the contribution of the member states to the 2013.

33. The Executive Director stated that the solution proposed by the European Commission is clean from a financial point of view and solves the problem but it has some legal uncertainties.
34. One member of the Management Board asked whether this suggested solution would be put in writing by the European Commission. The Executive Director replied that the three EASs's had already asked the European Commission for a written reply at the meeting in May.

HR Implementing Rules

35. The HR implementing rules presented at today's meeting seek the approval of the Management Board. The Executive Director stated that all of them were approved by DG HR in accordance with Art 110 of the Staff Regulations.
36. The following implementing rules were approved by the Management Board: Policy on Protecting the Dignity of the Person and Preventing Psychological Harassment and Sexual Harassment, Article 55a and Annex IV of the Staff Regulations concerning Part-time Work and General Implementing provisions on the Procedure Governing the Engagement and the Use of Temporary Agents.

Headquarters Agreement –Update

37. The Executive Director informed the Management Board that the Headquarters Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the European Banking Authority was signed on 8th May 2012. He briefly explained the main privileges granted to the EBA staff.

Preparation for Away Day Potential –agenda

38. The Chairperson said that he may have bilateral talks with members of the BoS to explore possible topics to be brought to the Away Day meeting.
39. In order to have a productive discussion at the Away Day meeting, he invited the MB members to be willing to put on the table, challenging yet real issues (like: rethinking of supervision within the national authorities, what is not working properly and possible solutions, what the priorities are and what the added value that the EBA can bring is).
40. The Management Board members put forward some potential topics to be discussed at the Away Day meeting: what make the banks profitable-investable propositions, business models - a future model for the banks;

how to tackle asset quality and funding issues; with reference to the format of the meeting, it was suggested to consider organising some subgroups/workshops with different sessions/case studies, funding, restructure of the banking market, supervisory practices, the role of the supervisors and lessons learnt.

41. It was agreed that at the next Management Board meeting one hour should be allocated to identify potential topics and to discuss the structure of the Away Day meeting.

A.o.B

- Draft 6-7 June BoS agenda

42. The draft agenda for the BoS meeting on 6-7 June was distributed to the Management Board members for information.
43. The Chairperson suggested reorganising the structure of the agenda in blocks and not to always keep the same sequence.
44. One member of the Management Board noted that it would be advisable to restrict the discussion of some agenda items to only voting Members. In this regard, it was agreed to move sensitive agenda items that should be dealt with as confidential in the morning of the second day of the meeting.

- Presentation on shadow banking

45. A presentation on shadow banking system was made by the Director Regulation. She informed the MB of the Green paper on shadow banking launched by the Commission in March and to which Stakeholders are invited to send their comments before 1 June 2012.
46. The EBA perspective on the sensitive points was also explained. The EBA is trying to identify a range of topics where the EBA can contribute to this consultation paper. The Chairperson stated that the document should be kept simple and focused. He also added that one of the main areas to be addressed should be the need to bring origination function under the supervisory umbrella. The Management Board expressed its support on such orientation and showed its willingness to express the need of reviewing the definition on regulatory perimeter covering bank like risks under a functional approach.

[Sign]

List of Participants

Andrea Enria	Chairperson
Danièle Nouy	MB member
Karoly Szasz	MB member
David Rozumek	MB member
Jukka Vesala	MB member
Raimund Röseler	MB member
Uldis Cerps	MB alternate member for Martin Andersson
Mario Nava	European Commission
Matthew Ederfield	Alternate Chair
Adam Farkas	Executive Director
Isabelle Vaillant	Director Regulation
Piers Haben	Director Oversight
Peter Mihalik	Director Operations
Joseph Mifsud	EBA Staff - Legal
Patricia Juanes	EBA Staff - Legal