



# Contributions of CEBS to European Regulatory Developments

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**CEBS**

Committee of European  
Banking Supervisors

# The Role of CEBS

## Objectives:

Promote efficient and effective supervision and the safety and soundness of the EU financial system through:

- Good supervisory practices
- Efficient and cost-effective approaches to supervision of cross-border groups
- Level playing field and proportionality

## Main tasks:

- Give advice to the Commission
- Promote consistent implementation/application of the EU legislation
- Enhance convergence of supervisory practices
- Exchange information and enhance supervisory cooperation

# Revised Decisions establishing 3L3 Committees

**Commission revised Decisions are expected to be published at the beginning of December 2008**

## Key issues

- Strengthened role of 3L3 Committees
- Regular reporting to EU institutions
- Regular risk assessments

# The “de Larosière Group” mandate

- The Group will make proposals to the European Commission covering all the financial sectors with the objective to establish a more **efficient, integrated, sustainable** EU system of supervision
- Issues to be addressed:
  - How the supervision of EU financial institutions should be best organised
  - How to strengthen EU cooperation on financial stability oversight, early warning mechanisms and crisis management (cross border and cross sectoral risks)
  - How supervisors in the EU competent authorities should cooperate with other major jurisdictions at a global level
  - Report by spring 2009

# CEBS and the “de Larosière Group”

## CEBS role towards the “de Larosière group”

Contribute to the work undertaken by “de Larosière” Group

- CEBS contribution to the Lamfalussy review
- Revised European Commission Decisions establishing the 3L3 Committees
- Revised CRD

# Future European Framework

- Financial Supervision
- National legislation
- Deposit Insurance Schemes
- Lender of Last Resort Function
- Burden sharing

## CEBS role during the current crisis

Cooperation and coordination have been intensified

- CEBS members
- ECOFIN Roadmap
- G20 Recommendations

Among L3 Committees and EU institutions

- IWCFC meetings
- 3L3 Chairs and Secretariats meetings
- Joint attendances and contributions to EU institutions activities

# CEBS role in current crisis – TFCE

## CEBS dedicated Task Force on Crisis Events (TFCE)

1. Analysing and monitoring the different rescue plans and measures in the EU and the US
  - Scope of plans
  - Tools relevant for supervisors
  - Conditions attached to the tools and their applicability; who is to decide?
  - Supervisory implications of national rescue plans
  - Effects on EU banks from measures taken in the US and in the EEA
2. Lessons to be learnt from the crisis on supervision of cross-border banks
  - Reports and conclusions from each relevant case



# Operational and institutional set up – Colleges 1

## Tools developed by CEBS

- Guidelines on home host cooperation
- Range of practices paper
- Template for written agreements

# Operational and institutional set up – Colleges 2

## Main conclusions

- The focus on home-host cooperation is broadening to a wider range of supervisory issues, from internal models under pillar 1 to the supervisory review process under pillar 2
- Current crisis highlights the importance of effective information sharing, cooperation and coordination between authorities, both for crisis prevention and for the management of possible stress events
- Concept of colleges has to be further developed into a more *operational concept including* coordination of tasks, reduction of compliance costs and promotion of actual convergence in day-to-day practices

## Operational and institutional set up – Colleges 3

CEBS will continue its work on colleges of supervisors

- Developing recommendations for college procedures in times of crisis; lessons from the recent events
- Assessing the functioning of colleges
- Developing good practices, including a possible update of the 10 common (CEBS/CEIOPS) principles for colleges of supervisors

# CEBS work programme 2009

## Process

- CEBS has identified the topics it needs to work on in 2009
- During this identification process, CEBS has decided that flexibility and ability to react swiftly should be maintained. Thus, strict prioritization process is followed

## Priorities

Priority 1: Key activities that need to be delivered within the agreed upon time schedule i.e. crisis management early intervention mechanisms

Priority 2: Important activities for CEBS to deliver, but could be postponed, if necessary i.e. large exposures

Priority 3: activities that will be undertaken as far as they do not conflict with the resources needed for priority 1 and 2 activities

## Priority 1 Activities – Crisis management

Crisis management is paramount to CEBS and its members

CEBS will continue to:

- facilitate swift information exchange
- provide guidance on topics of common interest

Further work is planned regarding:

- Colleges of supervisors in **a crisis situation**
  - Lessons to be learned from the recent events
- Implementation of tools on information exchange
- Supervisory implications of national rescue plans

## Priority 1 Activities – Early intervention mechanisms

- A white paper is being prepared by the European Commission on early intervention mechanisms and a request for assistance has been sent to CEBS
- Stabilisation measures available for problem banks
- Conditions under which these measures can be used
- Goal is to streamline the approach for cross-border operating banking groups

# Priority 1 Activities – Transparency and Disclosure

2008

- CEBS reported twice on transparency and disclosures based on a sample of large banks

2009

- Similar analysis will be held when 2008 year-end results are available
- Major EU cross-border operating banks will disclose Pillar 3 information
- Policy recommendations?

## Priority 1 Activities – Periodic Risk Assessments

- CEBS has delivered two risk assessment reports to the EFC – FSC
- CEBS will continue to provide, at least bi-annually, assessments of micro-prudential trends, potential risks and vulnerabilities in the banking sector
- Close cooperation with the Banking Supervision Committee
- Close cooperation is also built with the sister Committees CESR and CEIOPS



# Priority 1 Activities – LRM

2008

- CEBS report on liquidity risk management and supervision
  - 30 recommendations

2009

- Follow-up work
- More detailed guidance on
  - Composition of liquidity buffers
  - Definition of the survival period
  - Internal transfer mechanisms
  - Criteria for assessing banks' internal methodologies
  - Developing a minimum set of common information requirements

# Priority 1 Activities – Hybrid Capital Instruments

- In 2008 CEBS has delivered advice on hybrid capital instruments
- Goal is to provide a common EU interpretation of the eligibility criteria and advise the European Commission on the implementation of these criteria into EU legislation
- CEBS proposals have been largely translated into the revised CRD, further work to be done
  - Elaborate guidelines for the convergence of supervisory practices
  - Review the application of those guidelines

## Priority 1 Activities – Others

- Harmonised supervisory reporting by 2012
- Several deliverables need to be agreed upon in 2009, both on COREP and FINREP
- Training programmes
- Article 6 of EC decision:  
*“The Committee should contribute to the development of a common supervisory culture in the field of banking as well as on a cross-sectoral basis in close cooperation with the other Committees of Supervisors”*
- CEBS, CEIOPS and CESR plan to develop 3L3 courses in 2009
- EU funding from the European Commission expected
- 2009 → a pilot year

## CEBS – Summary of next steps

- Contribute to restoration of confidence in financial markets
- Continue closely monitoring of the financial crisis and co ordinate supervisory responses
- Deliver on CEBS work program 2009 and co ordinate with the global agenda
- Move further on European convergence



**CEBS**

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