



EBA MB 2015 078

EBA Staff

15 September 2015

Location: London

Management Board – Final Minutes

Agenda item 1.: Opening and Approval of Agenda and Minutes

1. The Chairperson opened the meeting of the Management Board (MB). The MB approved the provisional agenda (document EBA MB 2015 063rev1) and the draft minutes of the meeting of 02 June 2015 (document EBA MB 2015 060rev1).

Agenda item 2.: Administrative and Operational Status Report

2. The EBA Director of Operations presented the administrative and operational status report (document EBA MB 2015 071) covering the activities of the EBA since the latest MB meeting. He mentioned, in particular, a) the approval of the amending 2015 EBA budget by the European Commission and the Board of Supervisors (BoS); b) the level of budget execution expected for 2015; c) the number of vacancies for the rest of the year and the 2015 staff reclassification exercise; d) the training programme for EBA staff and for competent authorities (CAs); and e) the launch of an ESAs joint procurement for the provision of travel services, due to be concluded by May 2016. The MB agreed that the statistics on payments be only presented in the report once a year.
 3. The Executive Director explained the state of play of the 2016 budget. He mentioned that the Commission's proposal was significantly lower than the EBA's request and, if approved as such, would put the EBA in a difficult situation. The final approval depended, however, on the budgetary authorities. In this respect, the European Parliament's Economic and Monetary Affairs Committee (ECON) had acknowledged the situation, in particular the exchange rate issue affecting the EBA budget. The Chairperson also confirmed that he had transmitted to the new Director-General of the Commission's Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) the EBA's concerns.
 4. Members discussed some options to decrease the translation-related costs, at present carried out by the Commission's *Centre de Traduction* (CdT), and expressed dissatisfaction with the quality of the translations. The Director of Operations confirmed that all translations had to be made by the CdT, as required by the EBA founding Regulation; but he informed that the issue of their costs had been raised with the CdT, which would discuss it at management level and
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revert to the EBA. On the other side, the EBA was also looking at options to reduce other related costs, notably proof reading and editing, which could potentially be done by different providers. The EBA Director of Operations would report to the MB at the next meeting in November 2015.

Conclusion

5. The MB took note of the administrative and operational status report.

Agenda item 3.: Implementing Rules to the Staff Regulations

6. The Executive Director presented four decisions implementing the Staff Regulations which the EBA proposed to adopt based on model decisions approved by the Commission (documents EBA MB 2015 067 Annex 1, EBA MB 2015 067 Annex 2, EBA MB 2015 067 Annex 3 and EBA MB 2015 067 Annex 4). Another decision freezing the education allowance for the year 2015/2016 was also presented for adoption (document EBA MB 2015 068).
7. Members requested that in future, the differences, if any, between new and repealed decisions were explained.

Conclusion

8. The MB adopted the decisions.

Agenda item 4.: EBA Work Programme

9. The Executive Director presented an updated proposal for the 2016 Work Programme (WP) and for the Multi Annual Work Programme (MAWP) 2016-2018 following the discussion at the BoS meeting of 08 September 2015 (documents EBA MB 2015 074 and EBA MB 2015 075). He explained that, in terms of headcount, the proposals were consistent with the 2016 budget requested in early 2015 but that they would be updated following adoption of the final budget, which the EBA expected to reduce the number of headcount. He asked for MB's steer on prioritisation to finalise the proposals before submission to the BoS for formal adoption and transmission to the European Parliament, Council and Commission before end-September 2015.
10. Members requested to include in the MAWP the work requested by the European Parliament in terms of proportionality and regulatory consistency, and to conduct a more thorough prioritisation of key deliverables in order to emphasise those which could not be delivered as a result of the budget constraints. This included own-initiative activities. Members agreed that playing a central role in the regulation and policy framework with the development and maintenance of the single rule book should be put at the centre of the EBA's work, as well as consumer protection and monitoring of financial innovation and ensuring secure, easy and efficient payment services across the Union.

11. It was noted that at present the majority of tasks and activities were legally mandated and had binding dates, which left the EBA very little room to prioritise among them. But in the future, and once the EBA had reached the legally mandated regulatory peak, the EBA could have more flexibility to carry out a prioritisation less conditional on those mandates. The Chairperson explained that the Commission's comprehensive review of the regulatory framework would become a big challenge with an impact on full time equivalents (FTEs) allocation. Members requested, in this context, whether a mapping of FTEs per output could be carried out.
12. Further to the request from some members, the Executive Director presented a WP dashboard (documents EBA MB 2015 072 and Annexes I and II) focused on the milestones before and after approval by the BoS, respectively. Members welcomed the dashboard as a useful tool to monitor progress of the WP, and suggested some improvements: a) inclusion of the mandated date of submission of each regulatory product; b) same structure for both dashboards and alignment with the WP's time-span and structure to facilitate tracking progress. The EBA would also try to include, where and if possible, information on those regulatory products subject to Commission's requests following their submission by the EBA.
13. Finally, the EBA Director of Regulation presented a review of the prioritisation of the EBA's work on some prudential regulatory tasks due in the second half of 2015 and 2016 (document EBA MB 2015 077) and sought MB's steer. She explained that the delivery of some mandates would incur delays for various reasons, e.g. complexity, intensity of resources for their delivery, need to coordinate at international level, etc.

Conclusion

14. The 2016 WP as presented would be submitted to the BoS for approval. The EBA would review the specific allocation of FTEs per area and present it at the next MB meeting on 17 November 2015, together with a prioritisation of activities and tasks in anticipation of the 2016 final budget.
15. The EBA would seek by written procedure the MB views on the proposed review of the prioritisation of the EBA's work on some prudential regulatory tasks due in the second half of 2015 and 2016. Should the MB agree with the proposal, the EBA would inform the Commission accordingly and incorporate it in the 2016 WP.

Agenda item 5.: EBA's Accountability to the European Parliament

16. The Chairperson informed the MB on the ESAs Chairs' annual hearing at the European Parliament's Economic and Monetary Affairs Committee (ECON) held on Monday 14 September 2015. The hearing was in general very positive. He noted that Parliament was putting more emphasis on the work on structural banking reform; it also expressed its readiness to discuss with the EBA on securitisation. In view of that, the Chairperson suggested discussing structural reform at the MB meeting on 17 November 2015 to lay the groundwork for future discussions on this topic.

17. The MB also discussed some of the proposal contained in MEP Burkhard Balz's draft report on stocktaking and challenges of the EU Financial Services Regulation: impact and the way forward towards a more efficient and effective EU framework for Financial Regulation and a Capital Markets Union (2015/2106(INI)) of 26 August 2015, and how they could affect the EBA. In particular, the report emphasised that an early legal review by the Commission should not reduce the transparency of the process vis-à-vis Parliament, and requested that during the drafting process the ESAs provide Parliament with provisional drafts. The report also requested that the revision of the ESA Regulations had to reflect the accountability and transparency provisions for enhanced Parliament scrutiny.

Agenda item 6.: Update on Payment of Contributions to the EBA's Budget

18. Following the conclusions of the MB meeting of 02 June 2015 on hedging risk to the EBA's budget, the Executive Director informed that the EBA had approached the competent services of the Commission (Directorate-General for Budget) to inquire about the possibility of paying national contributions to the EBA's budget in GBP. The MB would be informed of any follow-up to this inquiry.

Agenda item 7.: Proposal for the BSG Renewal Process

19. The Chairperson informed that the Banking Stakeholder Group's (BSG) second term would expire on 14 April 2016. In view of this, he presented a proposal for BSG renewal process (documents EBA MB 2015 070 and annexes I to IV) which reviewed the operational application of the 2.5 years duration of the mandate; sharpened the policy to mitigate conflicts of interest; extended the consideration to payment institutions, credit intermediaries and non-bank creditors under the category of financial institutions; and suggested a broader publication of the call for interest with the help of CAs.

20. Members agreed with the proposal. They commented in particular on the policy to mitigate conflicts of interest, namely of academics. Some viewed that academics should be totally independent; others considered that the situation should be carefully managed to avoid facing difficulties finding good candidates.

21. Members also raised the use of reserve lists with candidates not initially selected but later on offered a position in the BSG. The Chairperson clarified that the EBA was in no way bound to choose candidates from those reserve lists in particular where they could not be considered suitable. The EBA was only bound to apply the requirements set out in the EBA founding Regulation as interpreted by the European Ombudsman in its Decision of 7 November 2013 on complaint 1966/2011/(EIS)LP regarding geographical and gender balance.

22. With regard to the proposal to interpret broadly the definition of credit and investment institutions in order to include credit intermediaries and creditors (including non-bank

creditors), payment institutions and e-money institutions, one member requested that the EBA ensure that candidates should have experience in the role for which they apply.

Conclusion

23.The MB adopted the proposal. The draft call for expression of interest would be circulated to the BoS for approval by written procedure before publication.

Agenda item 8.: Proposal for the Appointment of BSG Consumer Representatives

24.The Chairperson presented a proposal to fill two vacancies under the category of consumers' representatives in the BSG following the resignation of two members (document EBA MB 2015 069). The list of candidates had been prepared on the basis of the call for expression of interest launched in August 2015.

25.One member asked that the justification on nationality be fleshed out.

Conclusion

26.The proposal was approved by MB; an amended version of the proposal with a further justification on grounds of nationality of the candidates would be submitted to the BoS for approval by written procedure.

Agenda item 9.: Update on EBA's Involvement in AQR/Stress Test Processes in Bulgaria and Romania

27.The EBA staff informed the MB that the EBA was providing technical advice as an observer, upon request by the European Commission, on the processes for Asset Quality Review and Stress Test to be carried out by the competent authorities of Romania and Bulgaria. EBA's advice was being provided in the context of balance of payment assistance, in the case of Romania, and of a macroeconomic imbalances procedure, in the case of Bulgaria. EBA staff mentioned that both competent authorities seemed willing to use the methodology under development for the 2016 EU-wide stress test.

Conclusion

28.The MB would be informed once the EBA's involvement had concluded.

Agenda item 10.: Update on the Preparation of a Business Plan for an EBA European Training Hub

29.The Executive Director presented the state of play following the discussions at the BoS away day meeting on 9-10 July 2015, and informed the MB of the following activities: a) development, together with EUI, of a pilot online training module on assessment of recovery

plans; b) preparation of a business plan under which the EBA would become a hub for training on the single rulebook, in partnership with existing initiatives. The details of the one-off costs to put in place the initiative were still being finalised; the running costs were expected to be recovered via participation fees; and c) a feasibility study on how to develop this within the EU's financial Regulation.

Conclusion

30.A business plan would be presented at the BoS meeting of 27-28 October 2015.

Agenda item 11.: Update on the Implications of *SV Capital OÜ v. EBA* Judgment

31.The EBA staff presented a note on the implication to the EBA of the judgment of the General Court of 9 September 2015 in case T-660/14 *SV Capital OÜ v. EBA* (document EBA MB 2015 076). The General Court had annulled a decision of the Board of Appeal (BoA) in which the BoA had decided it had jurisdiction to review an EBA decision not to investigate, on its own initiative, a complaint made by *SV Capital OÜ* alleging a breach of Union law (BUL). The General Court has thus upheld the EBA's ability to determine which BUL investigations it could carry out.

32.In EBA's view, this should enable the EBA to refocus its BUL work on areas where it considers that there is a prospect of carrying out a formal investigation, reducing the amount of preliminary enquiries carried out on complaints where it is thought less likely that a breach would be identified. Furthermore, the decision would be likely to affect the volume of BoA's cases given the limits which the judgment places on the BoA's competence in the area of BUL investigations.

Agenda item 12.: BoS 27-28 October Meeting - Provisional Agenda

33.The provisional agenda for the BoS meeting of 27-28 October 2015 (document EBA MB 2015 320) was presented to the MB, who was invited to submit comments further to which the agenda would be sent to the BoS.

END OF MEETING

Andrea Enria

Chairperson

**Participants at the Management Board meeting
15 September 2015**

Chairperson Andrea Enria
Alternate Chairperson -

<u>Country</u>	<u>Member/Alternate</u>
Germany	Peter Lutz
Italy	Luigi Federico Signorini
Netherlands	Jan Sijbrand
Poland	Andrzej Reich
Spain	Fernando Vargas Bahamonde
United Kingdom	Sasha Mills

<u>EU Institution</u>	<u>Representative</u>
European Commission	Dominique Thienpont

EBA Staff

Executive Director	Adam Farkas
Director of Operations	Peter Mihalik
Director of Regulation	Isabelle Vaillant

Mario Quagliariello; Slavka Eley; Fergus Power; Jonathan Overett Somnier; Cédric Coraillon-Parquet; Ester Botica Alonso; Ioannis Bolossis; Santiago Barón Escámez