



EBA MB 2018 119

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Management Board

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13 November 2018/10:00-15:00

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Location: London

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EBA – Regular Use

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# Management Board meeting – Final Minutes

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## Agenda item 1: Approval of agenda and minutes

1. The Management Board (MB) approved the agenda of the meeting (document EBA MB 2018 111) and the minutes of the MB meeting of 12 September 2018 (document EBA MB 2018 112).
  2. The Chairperson informed about his appointment as new Chair of the Supervisory Board of the ECB and thanked the MB for their work and support in previous years. He also mentioned that Jo Swyngedouw, the Alternate Chairperson, would act as the EBA Chairperson until a new Chairperson arrives.
  3. The Executive Director and the EBA Head of Unit Legal Services explained next steps regarding the election of the new EBA Chairperson. The Head of Legal clarified that the EBA would circulate to the Board of Supervisors (BoS) ahead of its meeting in December, a note setting out the main parameters for an open selection procedure, based on the selection process agreed in principle by the BoS in 2015, and a draft vacancy notice, both for approval. To operationalise the open selection procedure, the EBA would establish a selection committee as an internal panel of the BoS, composing of two BoS Members and one senior EC representative. The selection committee would draw up a list of up to six eligible applicants with the best profiles for the position of Chairperson to be invited to pre-selection interviews. Following the pre-selection interviews, the selection committee would short-list the three most suitable applicants for the position of Chairperson, and would present them to the BoS for its deliberation for the purposes of nominating and appointing the Chairperson. The Head of Unit Legal Service concluded by referring to the role of the European Parliament (EP) in the selection procedure, which the EBA would have to further discuss with ECON Members.
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4. With regard to the EP, some MB Members were of the view that the role of the EP in the selection procedure should be limited to the powers specified in the EBA Founding Regulation.
5. Before concluding this item, the Chairperson welcomed Jesus Saurina as a new MB Member.

## Agenda item 2: Administrative and Operational Status Report (A-Point)

6. The Director of Operations presented the Administrative and Operational Status Report (document EBA MB 2018 114).
7. With regard to the EBA budget, the Director of Operations reminded the MB that both the budgetary authority and the BoS approved the 2018 amending budget. He also added that the MB approved budgetary transfers, which were necessary mainly due to the EBA's relocation. Finally, he announced that the EBA has successfully implemented eSubmission by the October 2018 deadline. Based on this, the EBA could fully run open procedures procurements electronically.
8. The Director of Operations continued by informing the MB that the EBA is slightly below the HR establishment plan for 2018 and that the EBA would fill all remaining vacancies by the end of the year. He pointed out that from January to October 2018; there were 11 resignations what the EBA considered as rather low number. Finally, the Director of Operations mentioned that the EBA concluded the performance appraisal exercise. He also pointed that since the last MB meeting; there were six trainings for CAs with a positive feedback from participants.
9. On IT related issues, the Director of Operations informed that all production systems were stable and that the two biggest projects, i.e. EUCLID and Data Centre Migration, were in progress. He explained that as part of EUCLID, the EBA would combine existing and future registers within one technical solution and that the EBA was already testing the PSD2 register with the CAs with an aim to go live in February 2019.
10. The Director of Operations highlighted the work of the Communication team on the latest stress test exercise. He concluded the item by explaining that future editions of the Administrative and Operational Status Report would be more streamlined with more annexes rather than pages of the actual Report in order to focus on main issues in the core of the Report and provide more detailed information in the annexes.
11. One MB Member requested clarification on the EUCLID project, in particular on the compromise regarding the models, and timelines. The EBA Director of Economic Analysis and Statistics Department (EAS) explained that because non-Euro countries were not willing to adopt the ECB data model, the compromise was to have two models – one by the ECB and one by the EBA. He also said that there would be a mapping tool between these two models and that the functioning and cost of this model is to be dicussed at the technical level.

12. Other MB Member pointed out that there were different IT requirements from various institutions and that the EBA might want to consider reviewing the requirements at some stage across the ESAs with an aim to integrate them all. The Executive Director highlighted that the EBA would continue simplifying and streamlining how the CAs report the data to the EBA and that as a part of EUCLID project, it would unify the platform and the technology that was serving as a main channel of exchange of the data.
13. Some MB Members requested clarification on the staff headcount. The Executive Director informed the MB that there were three legislative proposal that would have headcount and budget implications and that these were considered in budget planning for next years. In this context, the MB Members had concerns regarding the EBA's work on AML, in particular on number of staff envisaged to work on future mandates.

### Conclusion

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

### Agenda item 3: EBA Relocation – Status Report (A-Point)

15. The Director of Operations informed of the state-of-play of the EBA relocation to Paris (document EBA MB 2018 115). He mentioned that there was a delay of the legislative process regarding the change of the EBA's location in the EBA's Founding Regulation and that it caused significant delays in discussions with landlord in Paris. He also updated on the selection of provider for office fit-out design and project management services and indicated that the EBA submitted to the landlord technical and architectural requirements. He concluded by pointing out that based on current developments, the EBA would not be able to move to its new premises before mid-May 2019.
16. The Director of Operations reminded the MB that for the purpose of procedures of the headquarter agreement, the EBA was in close contact with the French Finance ministry. He noted that the headquarter agreement would mirror that of the ESMA agreement and would be accompanied by side letters to cover specific EBA arrangements.
17. In relation to staff, the Director of Operation informed that the reserve lists were finalised for all 10 roles and that the EBA would gradually identify and publish additional roles. He also mentioned that two persons from Choose Paris Region were based at the EBA premises to help the EBA staff with the relocation and that the EBA organised discovery trips to Paris for the staff. He informed that there were open questions regarding the European School in Paris, which had to be further discussed, in particular the accreditation of the school and number of pupils in classrooms.
18. The Director of Operations explained that the EBA would not expect major issues related to the IT equipment in the new premises. However, the EBA was facing a delay in the data centre migration project caused by a missing secure encrypted line that would connect the EBA and

the new centre in Hamburg. He confirmed that the EBA would further discuss this issue with the provider in Germany.

19. One MB Member asked whether there would be any changes in the status of secondees after the EBA's relocation. The Director of Operations confirmed that their status would remain without any changes.
20. Other MB Member asked if the EBA was expecting any significant raise in resignations due to the EBA's move. The Executive Director explained that the EBA staff is fully informed about all implications of the relocation and therefore, he would not expect any major changes to the current headcount. In this regard, he also explained teleworking policy during the transitional period, i.e. post-Brexit until the end of school year, to allow staff with children more flexibility. Related to the teleworking, he mentioned that technical solution for the teleworking is such that even in the case of hard Brexit, there would not be any data protection issues.
21. With regard to meetings of BoS, MB, standing committees and working groups after the Brexit date, the Executive Director informed that the EBA was discussing internally the organisation of these meetings, in particular whether to host them in Paris, or not to hold physical meetings until the EBA's move.
22. The Executive Director briefly updated the MB on the next steps regarding the lease of premises in London. He mentioned that the EBA was discussing with the landlord economically beneficial solutions for both parties.
23. The EC representative referred to the EC's intervention during the BoS meeting in October and asked the EBA to list all practical issues that the EBA was facing in relation to its relocation in a letter addressed to the EC to allow detailed discussion within the EC.

## Conclusion

24. The MB took note of the Relocation Status Report.
25. The MB agreed to discuss contingency plans for the EBA at its meeting in January.
26. The MB supported the EBA in drafting a letter to the EC explaining implications of the Brexit and practical issues that would have to be solved by the actual date of the Brexit.

## Agenda Item 4: 2020 Single Programming Document (B-Point)

27. The Executive Director introduced the item (document EBA MB 2018 11) by explaining that its purpose is to provide an overview all EBA's planning activities and resource requirements, describing the EBA's known and envisaged work from 2020 to 2022. He explained that as a next step, having considered comments from the MB, the EBA would submit the document to the next BoS meeting in December for discussion, followed by MB endorsement and BoS approval via written procedure in January 2019. The EBA would have to send the document to

the EU authorities by 31 January 2019. He also mentioned that the assumptions in the document include the two main legislative proposals, ESAs review and Anti-Money Laundering (AML), as well as the relocation.

28. One MB Member requested clarification on the definition of the strategic priorities and the planned activities as they seemed based in the 2019 Work programme. He also raised concerns specifically to the activities related to AML. The Chairperson explained that in this type of planning documents, the strategic areas would cover a 3-year period and that the EBA would always refer to the legislative proposals, as they were the base line for the EBA's work and subsequently, the headcount.
29. The EC representative invited EBA to be more specific on how additional resources would be used in the AML area, and clarified for the rest that because some of the activities belong to different DGs within the EC, the EC would come back with their comments after the meeting, if any.

## Conclusion

30. The MB agreed that the EBA would amend the document by explicitly stating that the wording is based on the legislative proposals as they stand now and that it would amend the drafting based on the legislative developments.

## Agenda Item 5: Overview of ongoing work on an EU-wide NPL platform (B-Point)

31. The Chairperson introduced the item by highlighting that over the last year, the EBA has been working together with other EU institutions on a number of initiatives from the European Council Action Plan on tackling NPLs in Europe. In particular, the EBA developed GL on management of non-performing and forborne exposures, GL on disclosure of non-performing and forborne exposures, and GL on loan origination and monitoring. Furthermore, the EBA developed NPL data templates to support the sales of NPLs and provide consistent data that sellers (banks) should provide to investors and these were well received by the industry and policy makers. He concluded by saying that we have seen activity on the secondary markets but that there is still need for further actions to improve them and therefore, the EBA was working together with the Commission and the ECB on the development of the NPL platform.
32. The Head of EBA Unit Reporting, Loans Management and Transparency (RLMT) continued by summarising milestones that preceded the development of the EU platform and listed its main functions, such as a data warehouse function, based on standardised data templates and qualitative information; a transaction function and, possibly, further ancillary services. She also explained that the aim was to set up an accreditation – 'standard setting body' that would issue functional requirements and criteria covering governance and operational requirements, and then would run accreditation of any existing or newly established private NPL platforms and give the 'seal of quality' to act as a 'EU approved NPL platform' unlocking possible

regulatory and supervisory incentives for the buyers and sellers through such platform. The objective is to have a platform with European coverage but several platforms could receive the 'seal of quality' from the standard setting body. Any NPL platform receiving such 'seal of quality' would then need to operate across multiple EU jurisdictions and offer a set of core services, in particular (1) offer high quality data (based on the EBA NPL templates) from sellers (banks) to buyers (professional investors), which essentially can be seen as data warehousing service, and (2) do transactional matching of buyers and sellers, including by means of auctions. The platform itself would not be part of the transaction or at any point would own the assets. The Head of Unit RLMT concluded by listing some of the roles of the EBA and CAs could have in the context of the NPL platform, in particular in promoting the work and supporting the use of the platform.

33. The Executive Director shortly summarised discussion at the last FSC meeting, which was rather supportive of setting-up such a system and for future work on defining technical specifications of such platforms.
34. Some MB Members were of the view that it was too early to discuss the role of the CAs and/or the EBA in the process without further technical aspects being in place. On the other hand, one Member pointed out that the timing was critical because if we would wait too long, non-performing loans might not be an issue any longer. Other Member expressed some doubts as to whether the market was particularly interested in the platform as proposed.
35. The Chairperson confirmed that the EBA was in a close contact with the industry and that the EBA NPL templates, in particular, were well accepted by the market participants. The Head of Unit RLMT concluded that the EBA has recently updated the NPL templates and explained that the templates very a granular and comprehensive but include prioritisation of data fields and banks could start with implementing critical fields.

## Conclusion

36. The MB supported the EBA continuing the work on developing EU-wide NPL platforms.
37. The EBA staff would circulate the platform presentation to SC on Oversight and Practices for a more technical discussion on the platform design and role of the EBA and competent authorities.

## Agenda Item 6: SREP Guidelines implementation roadmap (B-Point)

38. The Chairperson updated on the issues identified after the implementation of the EBA's SREP Guidelines (GL). He reminded the MB that, following bilateral visits between the EBA and competent authorities (CAs) in 2016 and 2017, the EBA sent letters to CAs, addressing recommendations where divergences in the application of the Guidelines were observed. He also indicated that ECB/SSM started, earlier this year, a revision process of their approach to SREP. In parallel with the ECB/SSM revision, the EBA could consider revisiting the SREP GL.

39. As a member of the High Level Group (HLG) mandated by the SSM to address the EBA recommendations on SREP, one MB Member informed of the state of play of this work. He mentioned that the HLG aimed to reequilibrate the SREP process by integrating the holistic approach with a risk-by-risk approach covering all SREP components (business model, governance, risks to capital and risks to liquidity) and based on a three-step process using banks' ICAAP estimates and SSM's supervisory risk assessment (RAS) on equal footing (step 1), fusing them into one figure (step 2), complementing the overall capital requirement with potential add-ons for business model, governance and holistic adjustments (step 3). He stressed that this work was still in progress with calibration issues (parallel tests would run in 2019 for adjusting the calibration for an application of their new SREP approach in 2020).
40. The MB noted that the challenges of the ECB/SSM approach arised from the elaboration of a risk-by-risk approach and its reconciliation with an holistic approach and the use of banks' ICAAP estimates as starting point for the determination of SREP capital add-ons, where the quality of ICAAP was not sufficient.
41. Another MB Member informed that Pillar 2 powers were broadly used in their jurisdiction. He stressed that the Pillar 2 add-ons took the form of non-binding decisions, which were always communicated to banks and the market in a transparent fashion.
42. Finally, one MB Member summarised the issues faced in his jurisdiction. He explained that they complied with the broad principles embedded in the EBA's SREP GL, except for some areas, possibly leading to an unlevel playing field situation for some banks. However, he raised his concerns about a line-by-line application of the SREP GL which could lead to inconsistent results.
43. The Chairperson reminded the MB that the CAs might apply tougher requirements than set out in the SREP GL to certain areas. However, for the sake of consistency and coherent application of the EBA SREP Guidelines within the EU, he encouraged CAs to apply them comprehensively. He put forward that the divergences identified in the application of the maximum distributable amount (MDA) or Pillar 2 Guidance (P2G) may have negative impacts on the market and suggested focusing on market sensitive areas when revisiting the SREP Guidelines. In this regard, he proposed to focus on areas where possible discrepancies could trigger an unlevel playing field, and take into consideration the ECB/SSM work, flagging that close cooperation between EBA, ECB/SSM and other CAs was essential in order to move in the same direction at the same speed. In particular, the parallel test that ECB/SSM was intended to run in 2019 should help make suggestions to adapt the EBA SREP GL.

## Agenda Item 7: AOB

44. The Executive Director reminded the MB that according to Article 16 of the Staff Regulations "In the case of former senior officials [...], the appointing authority shall, in principle, prohibit them, during the 12 months after leaving the service, from engaging in lobbying or advocacy vis-à-vis staff of their former institution for their business, clients or employers on matters for

which they were responsible during the last three years in the service.” He pointed out that Article 70 of the EBA founding Regulation made Article 16 also applicable to members of the BoS and MB.





## Participants at the Management Board meeting

13 November 2018

**Chairperson** Andrea Enria  
**Alternate Chairperson** Jo Swyngedouw

**Member** Jesus Saurina  
**Member** Jesper Berg  
**Member** Edouard Fernández-Bollo  
**Member** Luigi Federico Signorini  
**Alternate** Peter Lutz  
**Alternate** Bjorn Bargholtz

**European Commission representative** Dominique Thienpont

### EBA Staff

Executive Director	Adam Farkas
Director of Operations	Peter Mihalik
Director of Economic Analysis and Statistics	Mario Quagliariello

Meri Rimmanen; Philippe Allard; Fergus Power; Jonathan Overett Somnier; Ester Botica Alonso; Francois-Xavier Le Bras; Cédric Coraillon-Parquet; Tea Eger

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