



EBA BS 2014 281rev1

EBA Staff

24-25 June 2014

Location: London

EBA Board of Supervisors – Final Minutes

Agenda item 1.: Restricted session

Confidential discussion held only for voting BoS members, and non-voting BoS members and observers with direct supervisory functions.

Agenda item 2.: Opening, welcome and approval of agenda

1. The Chairperson opened the meeting and welcomed Danièle Nouy as representative of the Single Supervisory Mechanism (SSM). He informed of the following new nominations: Spyros Zarkos as Greece's BoS Members; and Sasha Mills and Krzysztof Góral as new alternates to the UK's and Poland's BoS Members, respectively.
2. The agenda was adopted. Agenda item 4 on additional disclosures of stress tests would not be discussed at the meeting, but in an ad-hoc teleconference at a later date that is to be announced.

Agenda item 3.: Risks and Vulnerabilities

3. The EBA Director of Oversight presented an update on risks and vulnerabilities highlighting four main areas, namely: a) a benign environment for capital strengthening, with funding becoming more diversified, however asset quality continued showing some deterioration. Doubts remained as to whether or not capital strengthening conditions would be sustainable; b) continuous deleveraging; c) conduct/IT risk, and d) profitability, which had been affected by conduct risk both in 2013 and 2014.
 4. Further, the SCOP Chair presented a letter addressed to BoS Members where he also drew attention to, a) interplay between deleveraging, search for yield and asset quality; b) the existence of under-pricing risks and possibly bubbles in the financial system despite the current benign funding conditions; and c) conduct risk, in particular adverse prudential outcomes in the form of fines, especially in the absence of timely and adequate provisions.
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5. One BoS Member informed that ESMA was preparing a paper on the risks posed by CoCos; another BoS Member remarked the effect that transparency had on funding costs and the possible changes that could occur in market perception as a result of the publication of AQR results.
6. The ESRB representative informed that the ECB President has asked the ESRB to look into the systemic impact of conduct risk.

Conclusion

7. The Chairperson concluded by recalling that conduct risks had been highlighted for more than a year, and that it seemed appropriate to identify possible supervisory policies to address these risks. On deleveraging, he considered that it would be positive that credit institutions and authorities remained closely in contact to deal with possible issues emerging as a result of the outcome of the EU wide 2014 stress test and AQR.

Agenda item 4.: Stress-testing: Additional Disclosure of Results of National Discretions

8. This agenda item was dropped from the agenda; this topic would be dealt with in a teleconference.

Agenda item 5.: Home-Host Cooperation and Colleges

a) CP on draft ITS on Joint Decisions on Prudential Requirements

9. The consultation paper (CP) on draft ITS on joint decisions on prudential requirements (Article 20(8) CRR) was presented.
10. On a question concerning the differences between the CP's current text and that presented at SCOP on the terms and conditions (Article 7f draft ITS) for the granting of a permission, or the fulfilment of which is a prerequisite for the use of the model, EBA staff confirmed that importantly the context remained the same, yet that the original wording would be kept on the version published for consultation. On the legal responsibility of a host competent authority participating in the joint decision process towards the "part of the decision" applicable to an entity of the group, other than the subsidiary in its jurisdiction, it was noted that the joint decision process didn't affect the rights and responsibilities of the competent authorities under CRD and CRR. A BoS Member noted that the ITS does not address the issue concerning the case where the authorities – notwithstanding the positive assessment of the application – may need to check the content of the information provided by way of a request of further information or interaction with the applicant. Indeed, the ITS does not provide for a suspension of the 6 months terms for reaching a joint decision, meanwhile the applicant

provides the additional information or the authorities perform the check by way of interaction with applicant (that could be even an on-site visit).

11. It was explained that the suspension of the 6-month period was not legally possible, however it was also confirmed that an application's clock was due to start after receipt of a complete application and the step of assessing its completeness was introduced in the ITS.

Conclusion

12. The CP was endorsed for publication for a three-month consultation period. The outcome would be presented to the BoS at its meeting of December 2014.

b) CP on draft RTS and ITS on Colleges

13. The SCOP Chair presented the CP on RTS specifying general conditions of the functioning of colleges of supervisors (Articles 51(4) and 116(4) CRD) and on ITS determining the operational functioning of colleges of supervisors (Articles 51(5) and 116(5) CRD).

Conclusion

14. The CP was endorsed for publication for a three-month consultation period. The proposed final draft RTS and ITS should be tabled for BoS approval at its meeting of December 2014.

Agenda item 6.: CP on draft GL on SREP

15. The SCOP Chair presented the CP on draft guidelines (GL) for common procedures and methodologies for SREP (Supervisory Review and Evaluation process) under Article 107(3) CRDIV.
16. BoS Members broadly supported the publication of the CP and considered that it achieved the right balance between the necessary room for supervisory judgement and greater overall consistency of SREP, of special importance for cross-border operating groups and their entities. On the proposed repeal of various EBA GL or sections thereof, some BoS Members requested more clarity on what remained in force and what was repealed, and asked to postpone the discussion.
17. The following comments with regard to the content of the CP were raised: a) clarify whether the legal basis for requirements for own funds structure under Pillar 2 would be the same as under Pillar 1; b) limit the scope of the monitoring of key indicators only to data from supervisory reporting; c) more clarity regarding the process for assigning failing score (overall SREP score of 'F') and interaction between the competent and resolution authorities; d) more clarity regarding the interaction between the additional own funds requirements and other supervisory measures; e) further developments of matters concerning country risk, and use of on-site examinations for the purposes of the assessment of credit risk; and f) role of specific target ratios (like EBA EU-wide stress test recommendation) in the approach to stress tests and

recognition of the role of macro-prudential authorities with regard to the assumptions on macro-prudential requirements, including CRD buffers; g) more clarity on risk taxonomy; and h) treatment of composition of capital to cover risks. A BoS Member raised serious concerns about the need of having a separate score for failing or likely to fail institutions in the SREP, taking into account the negative consequences in case of leaks of such a market sensitive information during the SREP process; the “F” score remains an “ex-post” indication of cases in which interaction among supervisory and resolution authorities has already been completed in order to leave room for taking appropriate actions before the “stigma effect” make them difficult or outdated.

Conclusion

18.The CP was endorsed for publication for a three-month consultation period. Some of the comments of clarifying nature (not changing the policy direction of the document) would be taken on board and reflected in the CP; other comments would be considered during the consultation period. The question of repealing old EBA GL or sections thereof would be discussed at the time of adopting the final SREP GL.

19.SCOP was asked to discuss further work on possible guidelines to ensure the consistent application of the SREP GL to the institutions with similar risk profiles based on Article 103 CRDIV.

20.When discussing the project plan for the work on the Single Supervisory Handbook, the BoS should consider prioritising SREP-related modules to support the application of the GL: supervisory benchmarks for capital adequacy assessment, assessment of liquidity adequacy and risk taxonomy.

Agenda item 7.: Final draft GL on Funding Plan Templates

21.The EBA Director of Oversight presented the final draft GL on harmonised definitions and templates for funding plans of credit institutions under ESRB Recommendation 2012/02 A.4.

22.Some BoS Members requested the alignment of the submission date of first use data with the ITS on reporting, as well as changing the deadlines for submission of steady state operations to end March/June each year instead of 28 February/31 March, respectively. Other BoS Members noted that at least one year would be needed to implement the proposed templates.

Conclusion

23.The Guidelines were adopted by the BoS with the following changes:

- a. For first use data: the reference date would be no later than 30 June 2015; submission from credit institutions to NCAs would be by 30 September 2015, and from NCAs to EBA, 15 November 2015.

- b. For subsequent years: credit institutions would report their funding plans by 31 March with a reference date of 31 December of the previous year (starting with 31 December 2015); submission from NCAs to the EBA, by 30 April of each year.

24. The EBA would inform the ESRB that the report on funding plans would be delayed accordingly.

Agenda item 8.: CP on draft GL on Test and Exercises for Precautionary Recapitalisation

25. The Chairperson presented the draft CP on draft GL on the type of tests, reviews or exercises which could lead to recapitalisation under the conditions specified in Article 32(4)(d) of Directive 2014/59/EU (the BRRD). He explained that the CP did not elaborate on the identification of a shortfall at the end of such tests, reviews or exercises nor did it provide details on the steps to be followed by NCAs once such shortfall was identified.

Conclusion

26. The CP was endorsed for a shortened (one month) public consultation. The final draft GL would be tabled at the BoS meeting of 17 September 2014 for adoption.

Agenda item 9.: Delegated Acts on Liquidity and Leverage – Potential EBA Opinion

27. The EBA Director of Regulations presented a paper on the Commission's draft proposals on delegated acts for liquidity coverage ratio (LCR) CRR) and for leverage ratio (LR) noting that the proposals for delegated acts continued to be discussed within the Expert Group on Banking, Payment and Insurance.

28. The Commission representative explained that the Commission had commenced its work on liquidity and leverage with the EBA's opinion but that it was progressing with further discussions with Member States; the Commission's text was therefore a not final one which continued evolving also taking into account other policy considerations.

Conclusion

29. The Chairperson summarized the supervisory concerns flagged in relation to the draft delegated acts.

Agenda item 10.: Model validation: CP on draft RTS on Permanent Partial Use and Roll-Out Plan

30. EBA staff presented a CP on draft RTS (Articles 148(6), 150(3) and 152(5) CRR) specifying the conditions on the sequential implementation of the IRB approach and permanent partial use under the Standardised Approach.
31. On the temporary use, it was explained that the proposal reflected the SCRePol consensus on the roll out conditions; for permanent use for immaterial portfolios, it was noted that the CP contained two alternatives which reflected current practices among NCAs. Further, it was observed that the draft RTS specified a hard limit of 8% for immaterial exposures, and the impact assessment contained in the proposal discussed two alternative approaches to whether it should be possible to increase beyond this limit under clearly specified conditions. Another question presented to the BoS for discussion was the possible application of the proposed rules to subsidiaries operating in third countries with no equivalent supervisory and regulatory requirements to those applied in the EU.
32. The BoS supported the publication of the CP although asking for more flexibility with regard to a) the possibility of increasing the 8% thresholds for immaterial exposures and its impact; b) the definition of limited number of counterparties in particular for governments; and c) specific provisions specifying a differentiated treatment of the requirements on an individual and consolidated basis.
33. On the question on third countries, the Commission representative asked whether the impact assessment could reflect further on the effective implementation of the model in third countries and what specific arrangements would be needed for those subsidiaries.

Conclusion

34. The CP was endorsed for publication for a three-month consultation period. Feedback from the consultation would be awaited in order to address the comments raised by the BoS more specifically.

Agenda item 11.: Securitisation: Final GL on Significant Risk Transfer for Securitised Assets

35. The EBA Director of Regulations presented the final draft GL aiming at providing more guidance on the assessment of significant risk transfer (SRT) for securitised assets according to Article 243/244 CRR and highlighted the full support from SCRePol; the GL would apply to both originator institutions and competent authorities. Noting the retroactive application of the GL, it was asked whether their implementation by NCAs would be expected within 6 months of adaptation.

Conclusion

36. The draft GL, without the additional 6 months of scope of application for new securitisation transactions, was adopted by the BoS following the qualified majority voting rules.

Agenda item 12.: Resolvability and Resolution

a) Resolution Committee: Organisational and Governance Setting

37. The Chairperson presented a note on the establishment of the Resolution Committee (ResCo), explaining that it had been preceded by several discussions at the Management Board, where the option of a ResCo at the same level as the existing Standing Committees was favoured; in terms of decision-taking, and considering the possibility of conflicts of interest with BoS, the proposal envisaged that ResCo would be mandated to adopt “quasi-decisions” in some areas, i.e. EBA final decisions unless revoked by the BoS within a certain timeframe by a vote through written procedure; in such cases, the decision would return to the ResCo for a new deliberation.

38. BoS Members raised several issues, namely: a) on the “quasi-decision” powers by the ResCo, one BoS Member wondered whether this observed the legal mandate vested on the BoS by the EBA Regulation; other BoS Members expressed their preference that all resolution matters be discussed and decided upon at ResCo; finally, other BoS Member asked for further elaboration of the legal framework for decision-taking, differentiating between decisions of a resolution nature, and decisions posing a conflict of interest; two BoS Members also stressed the need for further elaboration of mediation provisions; b) BoS Members also considered that ResCo should be chaired by a Chair other than current SC’s Chairs; c) the choice of ResCo membership should be left to the discretion of NCAs rather than mandating that ResCo be composed of the heads of national resolution authorities.

39. Finally, some BoS Members also stressed that the legal framework required that the EBA segregate supervision and resolution matters.

Conclusion

40. The Chairperson took note of the preference that ResCo be established as a separate Standing Committee with its own Chair, and concluded that the right balance should be struck between, on the one side, ensuring the continuity of decisions by BoS while coordinating with resolution matters and, on the other side, the legal requirement to segregate functions. A final proposal would be tabled at the BoS meeting of 17 September 2014, for final decision by BoS no later than October 2014. BoS Members were asked to share the note with their national resolution authorities; these authorities would be invited as observers to the BoS meeting of 17 September 2014.

b) CP on draft RTS on Content and Assessment of Resolution Plans

41. The EBA Director of Regulations presented a draft CP on draft RTS specifying the content of resolution plans (Articles 10 and 12 BRRD), and specifying matters and criteria for the assessment of resolvability of credit institutions or groups (Article 15 BRRD). Among other things, the draft RTS contained the requirement of a resolution strategy and variants thereto, rather than alternative strategies, to be applied in circumstances in which implementation of the preferred strategy was not feasible.
42. With regard to this last point, a BoS Member considered that such a proposal would deviate from the BRRD as this required that institutions draw up various strategies. Another BoS member also requested that the business model be included as a parameter for the assessment of feasibility.

Conclusion

43. The CP with the comments raised by BoS Members was endorsed for a three-month public consultation. The final draft RTS would be tabled for approval at the BoS meeting of December 2014.

c) CP on draft GL on Conditions for Measures to Overcome Obstacles to Resolvability

44. EBA staff presented a CP on draft GL to remove impediments, as identified by a resolvability assessment conducted by the authorities, to orderly resolution. It was explained that the BRRD provided the authorities with a range of powers to remove firm impediments to resolvability in advance of failure, which could be used if measures proposed by firms were insufficient to ensure resolvability. The draft GL organised the measures in three different headings: structural-, financial- and information-related.
45. One BoS Member noted that, with regard to the specifications on the arrangements of how loss absorption should be implemented, the BRRD referred to eligible liabilities, whereas the draft GL referred instead to equity and debt, and that alignment with the BRRD was necessary.

Conclusion

46. The BoS endorsed the publication of the CP taking into account the comment by the BoS Member. The final GL would be tabled for approval at the BoS meeting of December 2014.

Agenda item 13.: CP on draft GL on Methodology for the Determination of O-SIIS

47. EBA staff presented a CP prepared by the EBA for GL specifying the criteria to determine the conditions of the application of paragraph 3 of Article 132 CRDIV in relation to the assessment of O-SIIs. The GL provided, inter alia, for a scoring process to assess the systemic importance based on four main indicators: size, importance (including substitutability/financial system infrastructure), complexity/cross-border activity, and interconnectedness.
48. The Chairperson observed that a peer-review, focused on whether or not national discretions gave rise to inconsistencies across the EU, could take place with this topic.
49. One BoS Member requested that a clarification be added to paragraph 5 on the level at which the assessment needs to be conducted. Another BoS Member asked that the list of indicators for step 2 of the assessment be considered as an open-ended rather than an exhaustive list.

Conclusion

50. The BoS supported the publication of the CP taking into account the two comments raised.

Agenda item 14.: Final Report and Recommendations on Covered Bonds

51. The Chairperson presented the final draft report and recommendations on EU covered bonds frameworks and capital treatment.
52. On the approval of covered bonds programmes, one BoS Member asked whether Recommendation 7B could provide for either the approval or the assessment by NCAs. Another BoS Member asked whether an approval could be deemed granted where the NCA had previously approved the prospectus; here, the EBA staff confirmed it could be sufficient only if such a programme was issued by a specialised mortgage issuer under continuous supervision, but not in other cases.
53. Some BoS Members did not welcome the inclusion of Recommendation 3B on cover pools with underlying assets located in different jurisdictions, which required that assets located outside the EEA should only be considered for inclusion in cover pools provided that the non-EEA jurisdiction under consideration was assessed to apply prudential supervisory and regulatory requirements at least equivalent to those applied in the EU. Some BoS Members argued that the enforceability of the security in EEA jurisdictions as well as the credit quality of the loans under consideration was more relevant than the overall supervisory and regulatory framework. In one jurisdiction the EEA limit embedded in the text of the best practice may exclude cover bonds issued to finance the export activities of firms worldwide. A BoS Member pointed out that, in order to reduce the administrative burden on supervisors, the competent authorities could verify the compliance of the single issuance with a set of criteria defined in

the regulatory framework. In response to this, it was noted that the competent authorities should only verify the compliance on a cover pool basis, i.e. for each individual covered bond programme, but that verification via the use of criteria would not be sufficient.

Conclusion

54. The report as tabled was adopted by the BoS following the rules of simple majority voting. It would be sent to the ESRB and the EC by 30 June 2014 and published on the EBA's website.

Agenda item 15.: EBA Response to the European Commission's Call for Advice on Article 513 CRR on Macroprudential Policies

55. A draft EBA opinion in response to the Commission's CfA on Article 513 CRR on macroprudential rules was presented to the BoS. The Chairperson observed that, given the limited evidence on the current application of macroprudential tools by NCAs, the report was mainly conceptual and focused on whether or not the various rules were efficient, effective and transparent.

56. Some BoS Members held the view that the draft opinion was a good compromise and they showed their agreement with the final outcome reached. The EC representative commented that this report and that of the ESRB put on the table questions for the consideration of the EC before proposing legislation. Topics which should be further managed and analysed were: the cross-border implications and reciprocity of some macroprudential notifications, the possibility to address sectoral risks using the systemic risk buffer, the use of pillar 2 for macroprudential purposes, and measures for real estate exposures.

57. The ESRB representative drew the BoS attention to a few areas, namely a) how cross-border issues were being tackled and the need to address the issue of reciprocity as it was key for the single market; and b) the need to regard the systemic risk buffer as an important tool to address systemic risks, and c) the fact that in the current set of macroprudential rules, the procedures connected to these rules are likely to determine the tool which is chosen to address a certain risk.

58. One BoS Member mentioned that the report gave the impression that there were sufficient tools to deal with systemic risks, whereas the empirical evidence did not support such a conclusion. Another BoS Member reiterated his concern about raising the cap of the O-SIIs buffer without a thorough impact assessment; in this respect, it was also mentioned that the additional guidelines for setting the level of the O-SII buffer should consider the domestic market as the reference; another BoS Member considered that there was uncertainty at present about the conditions under which the SRB buffer would apply, and whether it should be supplementary to the O-SII buffer. The latter concern was also mentioned by another BoS Member, who held the view that the recommendation to grant the EBA a month extension in exceptional circumstances when forming an Opinion in relation to Article 458 CRR could give rise to other actors also extending their timeframes. Some BoS Members raised concerns as

regards the 1% limit on the O-SII buffer, which is imposed in case an O-SII is a subsidiary of either a G-SII or an O-SII which is an EU parent institution and subject to an O-SII buffer on a consolidated basis.

59.The prominence given to ring-fencing in the report, as well as to Pillar 2 measures for macroprudential purposes, and the recommendation on setting out a consultation process rather than a notification in the case of the review of LGD floors in real estate, were other points highlighted by BoS Members.

60.On an inconsistency flagged by one BoS Member between the fifth policy recommendation on LGD floors, and the text on this topic in the executive summary, it was noted that the former was the correct one, and that the report would be rectified accordingly.

Conclusion

61.The draft EBA Opinion was adopted by the BoS following the rules of simple majority voting. The report would be submitted to the Commission.

Agenda item 16.: Discussion Note on European Commission's Request for Technical Advice on Intervention Powers for Structured Deposits

62.The Chairperson presented a discussion note in response to a request by the EC for technical advice on intervention powers for structured deposits, explaining that the EBA was mandated by MiFID2 to define criteria and factors under which NCAs could intervene in the market for structured powers.

63.The BoS was supportive. One BoS Member asked that the paper be aligned as much as possible with ESMA's parallel work on financial instruments.

Conclusion

64.A CP would be sent end of July to BoS for endorsement, following which there would be a shortened, two-month (August and September) public consultation. The final advice should be sent to the Commission by 31 December 2014.

Agenda item 17.: JC Work on PRIIPS – Governance Proposal

65.The Chair of the Joint Committee's Sub-Committee on Consumer Protection and Financial Innovation (JC SC CP&FI) presented a proposal by the ESAs Joint Committee on the process and governance of the work to be done by the three ESAs on the Regulation on key information documents for packaged retail and insurance-based investment products (PRIIPS Regulation). PRIIPS required that the ESAs submit to the EC by end 2015 or early 2016 several draft RTS. Considering the amount of joint work to be done by the ESAs and the tight

deadlines, it was proposed to delegate powers to the ESAs Chairs to approve the discussion paper for publication.

Conclusion

66. The proposal to delegate powers to ESAs Chairs to adopt the discussion paper was supported by the BoS in accordance with the simple majority voting rules.

Agenda item 18.: Self-Placement of Financial Instruments by Credit Institutions

67. A proposal of reminder to financial institutions of their regulatory obligations regarding “self-placements” under CRR/CRDIV, BBRD, Solvency II, as well as a result of the 2014 stress tests and the AQR, and prepared jointly by the ESAs, was presented to BoS Members.

68. One BoS Member held the view that this reminder should be worded in such a way that it did not give the impression that there were compliance issues with credit institutions; also, that a distinction between vanilla-plain products and others should be made.

Conclusion

69. The proposal was supported by the BoS. The comments expressed would be taken into account in the finalisation of the joint ESAs reminder, which would be sent to the 3 ESAs’ BoS for approval by written procedure during July with a view to publishing it by end-July 2014.

Agenda item 19.: Discussion Note on Draft GL on Product Oversight and Governance Requirements

70. The EBA staff presented a paper on draft GL on product oversight and governance arrangements of banking products for BoS approval. The draft GL would be targeted at manufacturers and distributors of banking products to clarify the requirements under EU law on internal control functions and governance provisions set out in PSD1, CRD, EMD and MCD, including provisions on product testing, disclosure, product monitoring, and remedial action.

71. One BoS Member expressed her preference for a paper on best practices, or an opinion, rather than GL; another BoS Member said that the draft GL should be aligned with GL44. On a question concerning the legal basis for GL in this field, the EBA staff confirmed that the various provisions found in sectoral legislation read in conjunction with Articles 9(2) and 16(3) of the EBA Regulation were a sound legal basis.

Conclusion

72. The BoS supported the draft GL; BoS members could send written comments to the EBA over the following days to address any issues that they would like to be discussed.

Agenda item 20.: EBA Opinion on Virtual Currencies

73. The Chairperson presented an own-initiative draft Opinion on virtual currencies, the rationale of which was twofold, first, the existence of unprecedented risks which had actually materialised, and second, the absence of a regulatory framework to address them. The opinion included a proposal for a comprehensive regulatory approach.

74. The BoS was presented with three minority views held by some Competent Authorities for their consideration, first, not to delay the development of the comprehensive approach; second, to include a recommendation that virtual currency exchanges be subject to the AMLD4, thus becoming subject to customer due diligence requirements such that one of the risks identified, the anonymity of payer and payee, could be addressed; and third, for the legal instrument to be stronger than an EBA Opinion (e.g. GL).

75. Some BoS Members intervened to support the view of subjecting virtual currency exchanges to the AMLD4, subject to the document being clear that no regulatory status was conferred as a result. Other BoS Members suggested toning down the reference to regulators incurring risks themselves; and reconsidering the statement on whether declaring some actors as falling into the remit of a specific national or EU law could, as a result, lend them credibility as well as to virtual currency schemes.

Conclusion

76. The proposal to subject virtual currency exchanges to the AMLD4 was approved by the BoS following the simple majority voting rules; the draft EBA Opinion, with the comments raised by BoS Members, was also adopted following the simple majority voting rules. The Opinion would be published on the EBA's website.

Agenda item 21.: Final draft GL on Asset Encumbrance Disclosure

77. The final draft GL on disclosure of encumbered and unencumbered assets (Article 443 CRR) were presented to the BoS. These took into account ESRB Recommendation ESRB/2012/02 on funding of credit institutions, in particular recommendation D on market transparency on asset disclosure.

Conclusion

78. The BoS adopted the draft GL.

Agenda item 22.: Report on the Peer-Review of the EBA Guidelines 31 Regarding Credit Concentration Risk

79. The Executive Director presented the second peer-review performed by the EBA Review Panel, the results of which showed that NCAs largely or fully applied the GL on credit concentrations risks, and asked BoS support for publication. The Review Panel had sought to explore good or

best practices so as to enhance both the quality and consistency of NCAs' supervisory practices. The peer-review showed a trade-off in jurisdictions between intensity and frequency of supervisory scrutiny on credit institutions' credit concentration risk oversight; as to the assessment of adequacy of resources allocated by NCAs, it was inconclusive. The Executive Director mentioned that, as a possible way forward, the EBA could either include some of the recommendations in its single supervisory handbook, or investigate how these were addressed in both SSM countries' and non-SSM countries' supervisory manuals.

80.The Chairperson expressed some concerns about the overall output of the peer-review exercise and considered that, for future peer-reviews, the Review Panel should aim to always provide an assessment on the adequacy of the reviewed product/supervisory measure; he also remarked that it would be beneficial for the EBA going forward, that when developing future GL, these should perhaps include benchmarks to assess their implementation.

81.The ESMA representative noted that ESMA had amended its methodology to set up more focused peer review assessment teams. She also observed that their current peer reviews did not assess all 28 NCAs, and that on-site visits were not conducted in all jurisdictions, either.

Conclusion

82.The BoS supported the publication of the peer-review report, including with the name of countries.

Agenda item 23.: Feedback from NCAs on the TCOR Study on SME and Residential Mortgages

83. A paper with the feedback received from NCAs on the TCOR study on SME and residential mortgages was presented. The paper provided, inter alia, a description of the methodology applied and an overview of the results obtained by the comparison of the banks internal approaches against common benchmarks.

84.The Chairperson mentioned that, with this work, the TCOR mandate had been achieved. He thanked the TCOR team for the work done, and considered that it would be a good idea to maintain TCOR or another substructure to further build up the benchmarking exercise.

Conclusion

85.The BoS supported the TCOR work presented. The Chairperson informed that the Management Board would discuss at its meeting of September 2014 on the way forward for TCOR and possible changes to its governance.

Agenda item 24.: IT Strategy Progress Report

86. The EBA Head of IT presented a progress report on IT strategy covering the work carried out since December 2013 on the following areas: a) harmonisation; b) execution; c) administration; and d) common IT services underlying all other IT areas.

Conclusion

87. The BoS took note of the IT Strategy Progress Report.

Agenda item 25.: Reports from Committees

88. The progress reports of the following Standing Committees were shared with the BoS: SCRePol, SCARA, SCOP, Joint Committee and SCConFin. The BoS took note of them.

Agenda item 26.: AoB

89. The Chairperson informed of a request from a BoS Member to share among BoS Members the emergency contact details of BoS Members as well as those of a contact person within their NCAs for crisis cases. The BoS agreed; the EBA would then request such details in the coming days and share them, accordingly.

90. On taxonomies and validation rules for the supervisory reporting of institutions, the Chairperson informed that two BoS Members had requested that the list of positive validation rules be not published, regardless of the BoS request to publish both positive and negative validation rules, and the establishment of a taskforce to this effect. He invited the BoS to send their comments and views over the coming days, meanwhile the EBA would continue working on the assumption of publishing both positive and negative rules; if necessary, the matter could be discussed at the teleconference of 08 July 2014.

91. The Chairperson provided an up-to-date on topics likely to be discussed at the BoS Away day.

Participants at the Board of Supervisors' meeting

24-25 June 2014, London

Chairperson: Andrea Enria

| <u>Country</u> | <u>Voting Member or Alternate</u> ¹ | <u>Representative NCB</u> |
|-------------------|--|---------------------------|
| 1. Austria | Helmut Ettl | Philip Reading |
| 2. Belgium | Jo Swyngedouw/Rudi Bonte | |
| 3. Bulgaria | - | |
| 4. Croatia | Damik Odak | |
| 5. Cyprus | Argyro Procopiou | |
| 6. Czech Republic | David Rozumek | |
| 7. Denmark | Ulrik Nødgaard | Birgitte Vølund Buchholst |
| 8. Estonia | Andres Kurgpõld | Indrek Saapar |
| 9. Finland | Anneli Tuominen | Kimmo Virolainen |
| 10. France | Edouard Fernández-Bollo/Frédéric Visnovsky | |
| 11. Germany | Raimund Roeseler | Erich Loeper |
| 12. Greece | Kyriaki Flesipopoulou | |
| 13. Hungary | Péter Gábrriel | |
| 14. Ireland | Cyril Roux/Mary Bourke | |
| 15. Italy | Federico Luigi Signorini/Andrea Pilati | |
| 16. Latvia | - | Vita Pilsuma |
| 17. Lithuania | Aldona Jociene | |
| 18. Luxembourg | Claude Simon | Norbert Goffinet |
| 19. Malta | Raymond Vella | Alexander Demarco |
| 20. Netherlands | Jan Sijbrand/Paul Hilbers | |
| 21. Poland | Krzysztof Góral | |
| 22. Portugal | Pedro Duarte Neves/M. Adelaide Cavaleiro | |
| 23. Romania | Adrian Cosmescu | |
| 24. Slovakia | Tatiana Dubinova | |
| 25. Slovenia | Stanislava Zadavec-Capriolo | |
| 26. Spain | Fernando Vargas/Cristina Iglesias-Sarrià | |
| 27. Sweden | Uldis Cerps | Olof Sandstedt |
| 28. UK | Andrew Bailey/Sasha Mills | |

| <u>Country</u> | <u>Observer</u> ² |
|------------------|------------------------------|
| 1. Iceland | Jón Þór Sturluson |
| 2. Liechtenstein | Rolf Brüggemann |
| 3. Norway | Morten Baltzersen |

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