



Consultation Paper on EBA Draft Guidelines on internal governance

Polish Bank Association's comments

Title I - Role of the management body regarding internal governance

Section 5 Specialised committees of the management body in its supervisory function

Sub-section 5.1 Setting up committees

Paragraph 37

According to paragraph 37 of the Guidelines, taking into account the size of the management body and the number of independent members of the management body in its supervisory function, institutions should ensure that committees are not being composed mostly of the same group of members which form another committee.

It should be noted that in practice, in Poland supervisory boards tend to be composed of a relatively small number of members. Having that in mind, one could observe that the implementation of the requirement set out in paragraph 37 of the Guidelines might turn out to be problematic. Furthermore, in some cases a situation in which a majority of members of one committee form part of another committee might be perceived as a positive one (for example, due to the fact that in such situation there is an adequate level of information exchange). An example of such positive situation might be in the case of risk committee and audit committee cooperating closely with each other.

Sub-section 5.2 Composition of committees

Paragraph 44

According to paragraph 44 of the Guidelines, each committee should have a chair that is an independent member of the management body in its supervisory function.

The requirement of independence concerning chairs of every type of committee seems not to be fully justified. Although the requirement of independence is needed as regards some specific types of committees (for example the audit committee), it is not necessarily justified in all cases. For instance, it does not seem necessary as regards the nomination committee or a committee responsible for the daily supervision of bank's activity in the periods between supervisory board's meetings. In these cases, lack of fulfillment of all criteria of independence - for example, due to the chair being previously employed by the company or performing functions in a parent company - should not be an obstacle for a person to act as a chair of such committee.



Title IV - Internal control framework

Section 15 Internal control functions

Sub-section 15.1 Risk Management function (RMF)

Paragraph 154

According to paragraph 154 of the Guidelines, there should be a central RMF, including a group RMF in the consolidating institution of a group, to deliver an institution and group wide holistic view on all risks and that ensures that the risk strategy is complied with.

It should be noted that a central RMF, including a group RMF, with a wide range of powers may turn out to be incompatible with national legislation. For this reason, the role of such RMF should be further defined and specified in the Guidelines.