

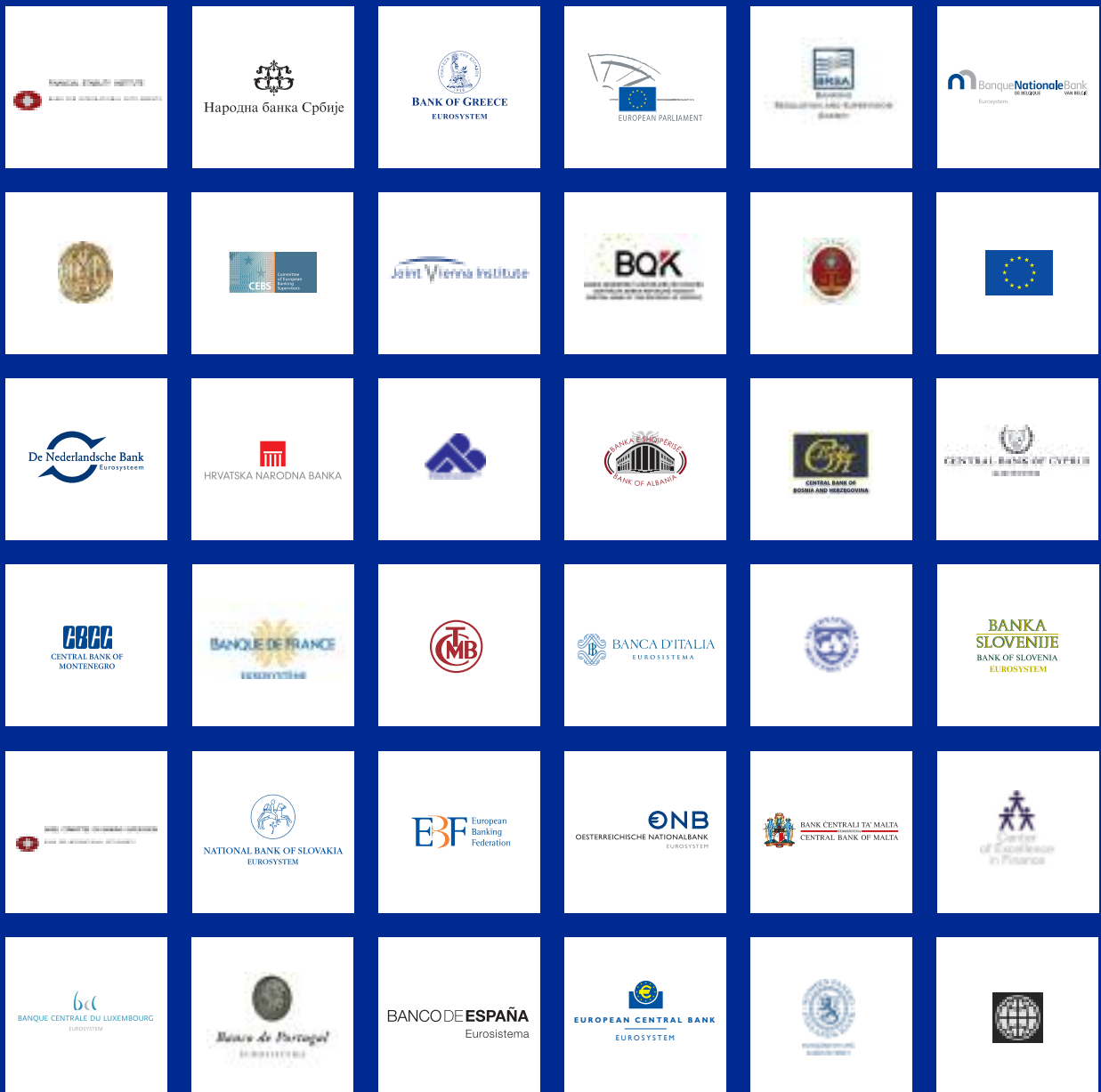


EUROPEAN CENTRAL BANK

EUROSYSTEM

# STRENGTHENING MACRO AND MICRO-PRUDENTIAL SUPERVISION

## IN EU CANDIDATES AND POTENTIAL CANDIDATES



This project is funded by the European Union

# STRENGTHENING MACRO AND MICRO-PRUDENTIAL SUPERVISION

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## IN EU CANDIDATES AND POTENTIAL CANDIDATES

### A PROGRAMME IMPLEMENTED BY THE

European Central Bank

**in partnership with**

Nationale Bank van België/  
Banque Nationale de Belgique  
Bank of Greece  
Banco de España  
Banque de France  
Banca d'Italia  
Central Bank of Cyprus  
Banque centrale du Luxembourg  
Central Bank of Malta  
De Nederlandsche Bank  
Oesterreichische Nationalbank  
Banco de Portugal  
Banka Slovenije  
Národná banka Slovenska  
Suomen Pankki – Finlands Bank

**exploring the potential involvement of**

The Basel Committee on Banking Supervision  
The Committee of European Banking Supervisors  
The Center of Excellence in Finance  
The European Banking Federation  
The European Commission  
The European Parliament  
The Financial Stability Institute  
The International Monetary Fund  
The Joint Vienna Institute  
The World Bank



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## ABBREVIATIONS

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BIS	Bank for International Settlements
CEBS	Committee of European Banking Supervisors
EBF	European Banking Federation
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
EP	European Parliament
ESCB	European System of Central Banks
EU	European Union
FSI	Financial Stability Institute
G20	The Group of Twenty
IFIs	International Financial Institutions
IMF	International Monetary Fund
NCB	National central bank
PSC	Project Steering Committee
WB	The World Bank

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## THE PROGRAMME AT A GLANCE

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**Budget:**

€2,650,000

**Length:**

24 months

**Start:**

15 January 2010

**Objective:**

Strengthening macro and micro-prudential supervision in EU candidates and potential candidates, in particular by:

- > Sharing and transferring expertise and know-how
- > Providing occasions for policy dialogue among decision-makers
- > Increasing networking among experts in the region, including with euro area institutions

**Programme providers:**

The European Central Bank, in partnership with the Nationale Bank van België/Banque Nationale de Belgique, the Bank of Greece, the Banco de España, the Banque de France, the Banca d'Italia, the Central Bank of Cyprus, the Banque centrale du Luxembourg, the Central Bank of Malta, De Nederlandsche Bank, the Oesterreichische Nationalbank, the Banco de Portugal, Banka Slovenije, Národná banka Slovenska and Suomen Pankki – Finlands Bank and exploring the potential involvement of the Basel Committee on Banking Supervision, the Center of Excellence in Finance, the Committee of European Banking Supervisors, the European Banking Federation, the European Commission, the European Parliament, the Financial Stability Institute, the International Monetary Fund, the Joint Vienna Institute and the World Bank.

**Beneficiaries:**

Eight EU candidates and potential candidates – Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Turkey, Serbia, Kosovo (under UNSCR 1244/99).

# THE PROGRAMME

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## **A CATALYST FOR REFORM AND FOR PROMOTING THE ADOPTION OF THE EU ACQUIS COMMUNAUTAIRE**

### OVERALL FRAMEWORK

#### European Commission: a European Economic Recovery Plan

Against the backdrop of the escalating financial crisis and an increasingly hamstrung real sector, in November 2008 the European Commission recommended a European Economic Recovery Plan, which was approved in principle by the European Council in December 2008. The Recovery Plan is a comprehensive action plan for a coordinated response to the economic crisis.

Within the Recovery Plan, the European Union's solidarity is extended to include EU candidates and potential candidates. Further consolidation is in the interests of both the EU and the region. To this end, the Commission has put in place a €360 million crisis response package. One of its components refers to the strengthening of macro and micro-prudential supervision in EU candidates and potential candidates, including the strengthening of cooperation with European Union authorities. The crisis response package is part of region-wide policies for enlargement supported by the Instrument for Pre-Accession Assistance (IPA).<sup>2</sup>

The crisis response package is tailored to the western Balkans and Turkey in order to help them to alleviate the consequences of the financial crisis. The recovery and stability of the financial system and achieving financial integration – while limiting the associated cross-border vulnerabilities – are among the main priorities for the EU candidates and potential candidates.

This reflects the considerable importance that the EU attaches to the western Balkans and Turkey, as well as to enlargement as a strategic priority.

#### Support in preparing for possible EU membership

One of the great challenges for EU candidates and potential candidates is to reform, adapt and strengthen their public institutions in order to consistently apply the EU rules and procedures – the *acquis communautaire* – and benefit fully from membership of the European Union.

This programme can assist EU candidates and potential candidates in acquiring the capacity to adopt, implement and enforce the *acquis communautaire*. In particular, by:

- > Providing institution building support with a view to assisting with the transposition, implementation and enforcement of the *acquis communautaire*. In this context, support for institution building is mainly aimed at banking sector supervision.

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2) IPA – Instrument for Pre-Accession Assistance: in January 2007, the IPA replaced a series of European Union programmes and financial instruments for EU candidates and potential candidates (PHARE and CARDS, among others) and the financial instrument for Turkey. The IPA beneficiaries are divided into the EU candidates (Croatia, the former Yugoslav Republic of Macedonia and Turkey) and the potential candidates in the western Balkans (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo under United Nations Security Council Resolution 1244 of 10 June 1999).

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- > Organising targeted medium-term administrative cooperation to assist the beneficiary partner administrations, calling on public sector expertise in EU Member States and international organisations.

There is a strong likelihood that this programme may act as a catalyst in setting a reform process in motion for the EU candidates and potential candidates, bringing together specialists from Member States and international institutions with the administrations of EU candidates and potential candidates and promoting the adoption of EU legislation.

## OBJECTIVES AND POLICY GOALS

Demands and pressures on financial regulators and supervisors have rarely been greater than they are now. While dealing with the impact of the current global crisis, they also need to tackle flaws that the crisis has revealed in the supervisory framework to prevent systemic financial crises in the future.

This programme aims at strengthening the medium-term resilience to financial stress of EU candidates and potential candidates, by supporting the adjustment of banking and financial supervision in line with the most recently agreed international and EU standards. It supports the sharing and transfer of expertise and know-how to benefit supervisors of the beneficiaries. It creates opportunities for policy dialogue among decision-makers, enabling them to exchange their findings. Moreover, it may result in a considerable increase in networking among experts in the region, including with euro area institutions.

### **It pursues three policy goals in parallel:**

- 1) To inform authorities of the beneficiaries about deliberations that have taken place in recent months or that are being prepared for forthcoming consideration, within the framework of discussions by international financial institutions (e.g. the IMF and the World Bank) and by other international bodies (e.g. the G20 process, the Financial Stability Board and the Basel Committee on Banking Supervision) as well as in the European Union (by the European Commission, its consultative groups – such as the discussion recently chaired by Mr de Larosière – and by other official bodies and institutions, including the ECOFIN Council, the Committee of European Banking Supervisors and the European Parliament). The aim is to provide institutions of beneficiaries aspiring to join the EU with up-to-date knowledge on banking supervision and on the implementation of sound supervisory practices.
- 2) To inform these authorities about developments in home-host cooperation at the international and European level. The provision of specific training should strengthen their technical capacity to interact in the activities of colleges of supervisors.
- 3) To inform the regulators and legal experts of the beneficiaries – inter alia through ad hoc training programmes – about progress on regulatory reform in EU banking legislation, in order to facilitate the adjustment of laws and best practices to EU standards and the incorporation of the EU *acquis communautaire* into domestic legislation.

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## PROGRAMME PROVIDERS AND BENEFICIARIES

### The Eurosystem: a key provider of state-of-the-art technical assistance

The provision of technical assistance to central banks has developed into a significant activity for the Eurosystem. This is very much in the interests of the central banking community, as it ultimately supports the enhancement of monetary and financial stability in a financially interrelated world.

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### PROGRAMME PROVIDERS

[European Central Bank](#)

[Nationale Bank van België/Banque Nationale de Belgique](#)

[Bank of Greece](#)

[Banco de España](#)

[Banque de France](#)

[Banca d'Italia](#)

[Central Bank of Cyprus](#)

[Banque centrale du Luxembourg](#)

[Central Bank of Malta](#)

[De Nederlandsche Bank](#)

[Oesterreichische Nationalbank](#)

[Banco de Portugal](#)

[Banka Slovenije](#)

[Národná banka Slovenska](#)

[Suomen Pankki – Finlands Bank](#)

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### EXPLORING THE POTENTIAL INVOLVEMENT OF

[The Basel Committee on Banking Supervision](#)

[The Center of Excellence in Finance](#)

[The Committee of European Banking Supervisors](#)

[The European Banking Federation](#)

[The European Commission](#)

[The European Parliament](#)

[The Financial Stability Institute](#)

[The International Monetary Fund](#)

[The Joint Vienna Institute](#)

[The World Bank](#)

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### **The International Monetary Fund and the World Bank**

The potential involvement of the IMF and the World Bank is currently being explored. The IMF and the World Bank would provide a significant contribution to all components of the programme. In addition to their involvement in regional training activities, the IMF and the World Bank would play a crucial role in the follow-up to the training in Component Two and Component Three of the programme during 2011 (e.g. support for the implementation of the standards and best practices presented during the training courses).

### **International and European institutions and fora**

Key organisations in the regulatory and supervisory field, such as the Basel Committee on Banking Supervision, the Committee of European Banking Supervisors and the Financial Stability Institute, will present the latest developments in financial supervision. The European Commission and the European Parliament will contribute their views on policy issues. The European Banking Federation will represent the voice of the European banking sector.

The potential readiness of the IMF and the World Bank to be active partners and the interest expressed by numerous international and European institutions and bodies testify to the fact that this programme is perceived as being timely and necessary by the international community. The challenge will be to implement it with the usual high degree of professionalism and to ensure that the beneficiaries take ownership of the objectives.

### **The Center of Excellence in Finance and the Joint Vienna Institute**

Most training events in the first half of the programme will be held at the Center of Excellence in Finance in Ljubljana and at the Joint Vienna Institute in Vienna. The involvement of two of the best-known public training institutions in the region supports the establishment of a network among the partners and beneficiaries in an appropriate professional environment, which is one of the objectives of the project.

### **Beneficiaries: eight EU candidates and potential candidates**

The project is aimed at beneficiaries that are formally recognised by EU institutions either as having the status of a candidate or of a potential candidate for membership of the European Union: Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Turkey, Serbia, Kosovo (under UNSCR 1244/99).

Technical assistance provided by the Eurosystem has become an important tool for strengthening the administrative capacity of central banks and enhancing compliance with European and international standards. Experience of the large Eurosystem programmes currently under way in Egypt and Russia, as well as in the Balkans, show that this challenge can be met successfully.

# STRUCTURE OF THE PROGRAMME

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## ORGANISATIONAL FRAMEWORK

### Size and length of the programme

The programme will have a duration of two years (covering 2010 and 2011) and a financial value of €2,650,000.

### Management of the programme

In accordance with the regulatory requirements for EU programmes, the programme will be led by a Project Steering Committee (PSC), composed of the ECB, the 14 participating Eurosystem national central banks, the European Commission and one representative from each of the beneficiary institutions of the eight EU candidates and potential candidates; the potential involvement of the IMF and the World Bank is currently being explored.

Nine PSC meetings are envisaged, with one being held every three months in accordance with EU rules. They will take place alternately in Frankfurt am Main at the ECB's premises and in some Eurosystem capitals.

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### PSC meetings

Date	Venue	Composition
26 January 2010	ECB, Frankfurt am Main	
27 April 2010	Oesterreichische Nationalbank/ Joint Vienna Institute, Vienna	
22 June 2010	ECB, Frankfurt am Main	ECB, 14 NCBs, the European Commission and beneficiary institutions of the eight EU candidates and potential candidates; the potential involvement of the IMF and the World Bank is currently being explored.
19 October 2010	Banca d'Italia, Rome	
January 2011 <sup>1)</sup>	ECB, Frankfurt am Main	
April 2011 <sup>1)</sup>	Bank of Greece, Athens	
July 2011 <sup>1)</sup>	ECB, Frankfurt am Main	
October 2011 <sup>1)</sup>	Banka Slovenije, Ljubljana	
December 2011 <sup>1)</sup>	ECB, Frankfurt am Main	

<sup>1)</sup> Exact date to be confirmed.

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## CONTENTS

### The programme will comprise three components:

- > Regional training courses for implementation in 2010 (Component One)
- > National measures during the first half of 2011 (Component Two)
- > Technical simulation exercises focusing on cross-border cooperation during the second half of 2011 (Component Three).

In 2010 the project will focus on regional training activities. In the first half of 2011 national measures will be implemented to benefit local institutions. Finally, in the second half of 2011 simulation exercises on supervisory colleges will take place, providing the authorities of the eight beneficiaries with an opportunity to ascertain whether there is a need for further improvement of their processes.

The three components of the project are interconnected. Therefore, participation in the regional training activities is a prerequisite for admission to Component Two and Component Three.

### REGIONAL TRAINING (COMPONENT ONE)

The regional training activities will comprise four initiatives:

- > Policy workshops
- > Training events
- > Admission to training activities offered by the CEBS
- > Access to FSI Connect

Policy workshops are designed for the board members and senior management of the central banks and institutions of the eight beneficiaries. Training events are aimed at regulators and the middle management of banking supervisory authorities and present the latest know-how in the areas of macro-prudential and micro-prudential supervision, home-host cooperation and regulatory issues. A restricted number of participants will be invited to take part in training activities offered by the CEBS. Finally, a limited number of attendees will be granted access to the e-learning program (FSI Connect) of the Financial Stability Institute.

#### 1. POLICY WORKSHOPS

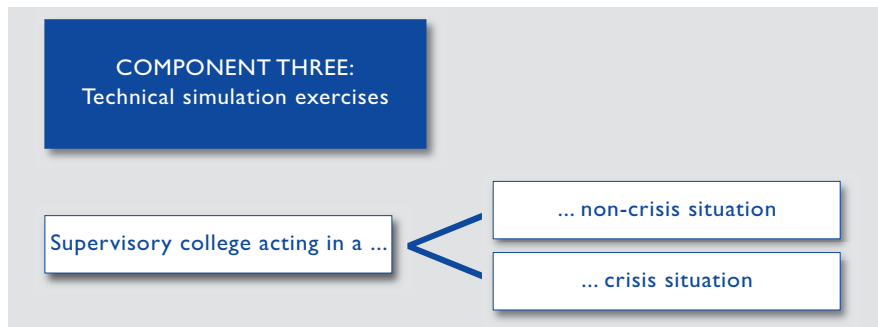
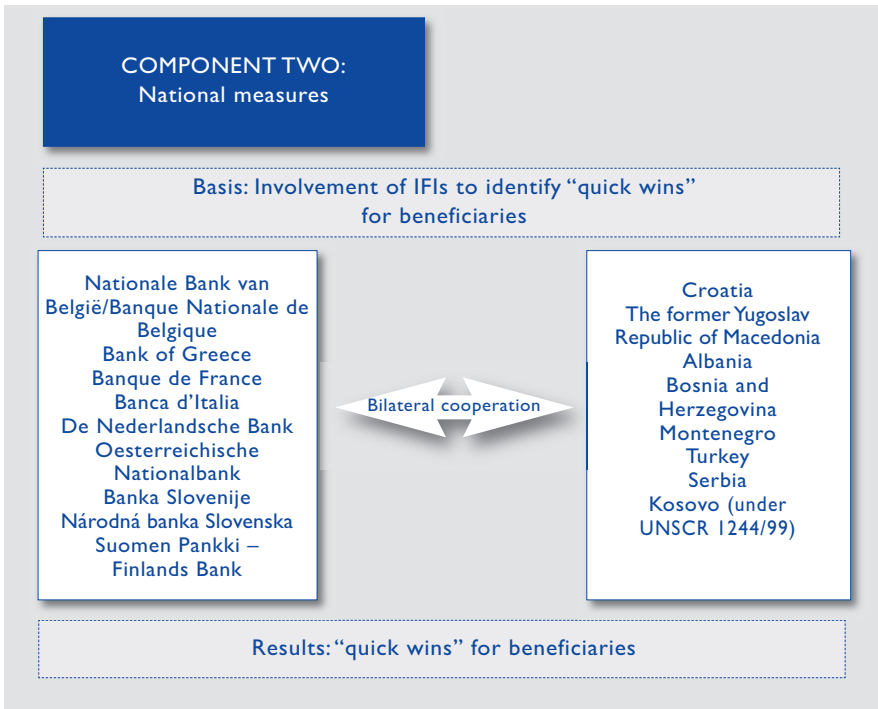
Three workshops will be organised for policy-makers of the eight beneficiaries. Policy workshops will provide an opportunity to hear about the latest developments in regulation and supervision and to discuss issues such as home-host cooperation, capital and liquidity and macro-prudential supervision.

A number of key policy-makers from the banking supervisory community have already agreed to participate in the policy discussions (for a list of confirmed speakers, please refer to the schedule of policy workshops below).

#### Who should participate?

Board members and senior managers of the beneficiary institutions.

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## Schedule of policy workshops

Date	Venue	Host	Topic	Speakers (confirmed)	Length
27-29 Jan.	London	CEBS	Introduction to CEBS activities and focus on home-host cooperation	Mr Giovanni Carosio (CEBS) Mr Arnoud Vossen (CEBS) Mr Jukka Vesala (Chair of the Groupe de Contact) Mr Didier Elbaum (Chair of the Expert Group on Financial Information) Mr Henk Brouwer (Chair of the Expert Group on Prudential Requirements)	2.5 days
7- 8 June (to be confirmed)	Basel	BIS/FSI	Capital adequacy and liquidity	Mr Josef Tošovský (Financial Stability Institute) Ms Danièle Nouy (Commission bancaire)	1.5 days
14-15 Dec.	Frankfurt am Main	ECB	Macro-prudential supervision	Mr Jean-Claude Trichet (ECB) Mr Ioannis Gousios (Bank of Greece) Mr Peter Praet (Nationale Bank van België/Banque Nationale de Belgique)	1.5 days

## 2. TRAINING EVENTS

In total, 20 training events will be offered to seven separate groups of specialists from the beneficiaries. Each group will participate in two to four training events in 2010, which will present them with the know-how and experience of lecturers from a variety of Eurosystem national central banks and international and European bodies. Participants are expected to enrol in one of the groups and to attend all the training events organised for their group.

### Who should attend?

- 1) Middle managers with experience in banking supervision and an international dimension to their regular activities. There will be three groups in this category.
- 2) Supervisory experts mainly focused on domestic issues. There will be two groups for participants with this profile.
- 3) Managers and experts with a background in regulation. There will be two groups for this category.

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## Structure and profile of training groups

Group	Function	Experience	Training courses	Time period
1	Banking supervisors	Middle management, involved in international activities	1) Micro-prudential supervision 2) Macro-prudential supervision 3) Home-host cooperation	2010/H1 <small>(with one event at the beginning of July)</small>
2	Banking supervisors	Middle management, involved in international activities	1) Micro-prudential supervision 2) Macro-prudential supervision 3) Home-host cooperation	2010/H1
3	Banking supervisors	Middle management, involved in international activities	1) Micro-prudential supervision 2) Macro-prudential supervision 3) Home-host cooperation	2010/H2
4	Banking supervisors	Experts not involved in international activities	1) Micro-prudential supervision 2) Macro-prudential supervision 3) Home-host cooperation 4) Regulation	2010/ H1 + H2
5	Banking supervisors	Experts not involved in international activities	1) Micro-prudential supervision 2) Macro-prudential supervision 3) Regulation	2010/ H1 + H2
6	Regulators/legal experts in banking supervision		1) Home-host cooperation 2) Regulation	2010/H1
7	Regulators/legal experts in banking supervision		1) Home-host cooperation 2) Regulation	2010/H2

H1 = first half of the year; H2 = second half of the year

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### **How many participants can be nominated by each beneficiary?**

It is recommended that beneficiary institutions enrol members of staff in each of the seven groups. In general, up to two members of staff can be assigned to each of the seven groups by each beneficiary institution.

Beneficiary institutions intending to assign more than two persons to one or more of the groups are kindly requested to contact the programme providers. Additional capacity can only be estimated once all applications have been received.

The main difference between the individual groups is the background and the experience of the participants; while the difference between the three core groups (groups 1, 2 and 3; groups 4 and 5; and groups 6 and 7) is the timing of the training events. Furthermore, the topics covered by the seven groups in the context of macro or micro-prudential supervision, home-host issues and regulation may differ. This is due to the fact that the topics are presented by different central banks and institutions; moreover, it is intended to provide a broad variety of topics to cover the essentials of banking supervision and regulation.

### **Who will provide the training?**

The training will mainly be provided by experienced lecturers from the 14 Eurosystem national central banks and the ECB as well as from international and European institutions, such as the Basel Committee on Banking Supervision, the Financial Stability Institute or the Committee of European Banking Supervisors.

In the case of the training on supervisory colleges and home-host cooperation, representatives of leading commercial banks in the euro area, chosen from among those with the strongest presence in the eight EU candidates and potential candidates, have also confirmed that they will give lectures.

### **Which topics will the training events cover?**

Topics will comprise micro-prudential and macro-prudential supervision as well as home-host cooperation and the regulatory issues that are currently being discussed by international and European institutions.

Training in macro-prudential supervision will address the establishment of a European Systemic Risk Board, macro-prudential indicators, early warning systems, system stress testing and other factors (e.g. accounting rules). Lectures on micro-prudential supervision will focus, in general, on enhancements to the Basel II framework and, in particular, on modifications in banks' risk management (e.g. liquidity risk management). Home-host training events will range from general principles and methods of consolidated supervision to the preliminary lessons to be drawn from the colleges of supervisors. Finally, regulatory training will cover the reform of EU prudential legislation and what this will mean for regulators in terms of implementation at home as well as the setting-up of a new institutional architecture. Typical topics in this area could include capital adequacy, dynamic provisioning and remuneration. Precise details about the contents of the training activities will be provided to the beneficiaries just before the beginning of each course.

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## Overview of selected topics

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Macro-prudential supervision	> European System of Financial Supervisors
– lessons to be learnt from the crisis	> European Systemic Risk Board > Early warning systems > Macro-prudential indicators > Macro-stress testing > International accounting standards
Micro-prudential supervision	> Enhancements to the Basel II framework
– lessons to be learnt from the crisis	> Liquidity risk > Risk management: ICAAP and SREP > Market risk measurement > Stress testing in banks > Liquidity risk management
Home-host cooperation	> The (juridical) tools of supervision (during normal periods/during a crisis) > Methods of consolidated supervision > Memoranda of Understanding > Supervisory colleges > From theory to practice: a case study (host supervisor, home supervisor, commercial bank) > Consolidated supervision – the perspective of a commercial bank
Prudential regulation – international and EU standards	> Latest EU regulations in the prudential area > Capital adequacy and liquidity > Securitisation > Remuneration > Dynamic provisioning and capital pro-cyclicality > Consumer protection > Credit register

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### What does a typical training event comprise?

All training events will be directed by an ECB tutor. The tutor will coordinate and manage the seminars as well as enhancing and supporting discussions between lecturers and participants.

Training events will also offer opportunities for participants to discuss the specific situation of their financial system. Thus, attendees may be asked to give a brief account of their national regulatory and supervisory system and explain the most pressing issues affecting their jurisdiction. At the end of each training event, attendees will have the opportunity to draw preliminary conclusions regarding their

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situation, based on the training. These sessions will offer participants the opportunity to benefit from each other's expertise and experience in dealing with common problems as well as to draw conclusions from the training.

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### Structure of training events

	Introduction and participants' experiences	International/EU perspective	NCB 1 NCB 2	Input from market participants	Conclusion and follow-up for beneficiaries	Number of days
Macro-prudential supervision – lessons to be learnt from the crisis	Half-day	Two days	Two days	n/a	Half-day	5
Micro-prudential supervision – lessons to be learnt from the crisis	Half-day	Two days	Two days	n/a	Half-day	5
Supervisory colleges/ Home-host cooperation	Half-day	Half-day	One day	Half-day	Half-day	3
Prudential regulation – international and EU standards	Half-day	One day	One day	n/a	Half-day	3

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## Complete schedule of training events in 2010

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### Schedule of training events in 2010

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#### GROUP 1

Date	Venue	Training providers	Course	Length
8-12 Feb.	Vienna	Basel Committee on Banking Supervision, Oesterreichische Nationalbank, Národná banka Slovenska	Micro-prudential supervision	Five days
1-5 Mar.	Vienna	IFIs, European Commission, Banque centrale du Luxembourg, Nationale Bank van België/Banque Nationale de Belgique*), Central Bank of Cyprus	Macro-prudential supervision	Five days
13-15 July	Vienna	IFIs, Oesterreichische Nationalbank, Bank of Greece	Home-host cooperation	Three days

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#### GROUP 2

16-18 Feb	Paris	Committee of European Banking Supervisors, Banque de France, Banca d'Italia	Home-host cooperation	Three days
22-26 Mar.	Vienna	Basel Committee on Banking Supervision, Oesterreichische Nationalbank, Národná banka Slovenska	Micro-prudential supervision	Five days
17-21 May	Vienna	IFIs, Nationale Bank van België/Banque Nationale de Belgique*), De Nederlandsche Bank	Macro-prudential supervision	Five days

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#### GROUP 3

13-17 Sep.	Ljubljana	Financial Stability Institute, Banka Slovenije, Banca d'Italia	Micro-prudential supervision	Five days
8-12 Nov.	Vienna	ECB, Central Bank of Malta, De Nederlandsche Bank	Macro-prudential supervision	Five days

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30 Nov. - 2 Dec.	Rome	Committee of European Banking Supervisors, Banque de France, Banca d'Italia	Home-host cooperation	Three days
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**GROUP 4**

15-19 Mar.	Ljubljana	IFIs, European Commission, Nationale Bank van België/ Banque Nationale de Belgique*), Central Bank of Cyprus	Macro-prudential supervision	Five days
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12-16 Apr.	Bratislava	IFIs, Suomen Pankki – Finlands Bank, Banque centrale du Luxembourg, Národná banka Slovenska	Micro-prudential supervision	Five days
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28-30 Sep.	Ljubljana	European Banking Federation, Bank of Greece, Banka Slovenije	Home-host cooperation	Three days
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23-25 Nov.	Ljubljana	European Parliament, Banque de France,	Regulation	Three days
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**GROUP 5**

3-7 May	Zagreb	Hrvatska narodna banka, Financial Stability Institute, Banca d'Italia, Suomen Pankki – Finlands Bank	Micro-prudential supervision	Five days
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14-18 June	Vienna	ECB, De Nederlandsche Bank, Central Bank of Malta	Macro-prudential supervision	Five days
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26-28 Oct.	Ljubljana	European Commission, ECB, Banco de España	Regulation	Three days
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<b>GROUP 6</b>				
2-4 Feb.	Ljubljana	European Banking Federation, Bank of Greece, Banka Slovenije	Home-host cooperation	Three days
20-22 Apr.	Ljubljana	European Commission, ECB, Banco de España	Regulation	Three days
<b>GROUP 7</b>				
21-23 Sep.	Vienna	IFIs, Bank of Greece, Oesterreichische Nationalbank	Home-host cooperation	Three days
12-14 Oct.	Ljubljana	European Parliament, Banque de France, Banco de Portugal	Regulation	Three days

\*) Provided by the Banking, Finance and Insurance Commission (CBFA)

### 3. ADMISSION TO TRAINING ACTIVITIES OFFERED BY THE CEBS

A limited number of representatives from the eight beneficiaries will be able to attend some of the training activities currently being planned by the CEBS for its members.

Training is part of efforts by the CEBS to develop a common EU culture among supervisors. The following link provides lists of sectoral and cross-sectoral courses that have taken place so far. These lists will be updated on a regular basis.

<http://www.c-eps.org/Supervisory-Culture/Training-2009.aspx#>

Details about the contents of the training activities will be provided to the beneficiaries as soon as they are available. Admission costs for these activities and travel costs will be reimbursed by the programme. Selection and registration for training activities will be organised by the ECB.

### 4. ACCESS TO FSI CONNECT

In the context of the regional training activities, a limited number of licenses to use the e-learning tools (FSI Connect) of the Financial Stability Institute will be made available to participants at the expense of the programme. In total, 110 new licenses will be distributed among participants in 2010. It is assumed that beneficiary institutions already own a number of licenses.

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FSI Connect is an online information and learning resource developed by the Financial Stability Institute for banking supervisors around the world. The main component of FSI Connect is a comprehensive set of online tutorials covering important risk management topics, such as credit, market and operational risk, as well as courses on capital adequacy (including Basel II), financial instruments and general banking supervision topics.

FSI Connect is both dynamic and flexible. The tutorials provide the up-to-date information that supervisors need to perform their tasks. It can be used by supervisors at all levels to gain a broad knowledge of supervisory topics, to refresh or expand their knowledge of specific topics, or to quickly access information.

### **NATIONAL MEASURES (COMPONENT TWO)**

Component Two, which will take place in the first six months of 2011, will be based on the implementation of national measures for the beneficiaries. It is envisaged that during the course of 2010 experts from IFIs will provide support for identifying “quick wins” whereby Eurosystem specialists can help beneficiaries to achieve concrete progress. A number of Eurosystem national central banks have already indicated their willingness to assume bilateral technical assistance tasks.

Continuity between Component One and Component Two will be achieved by selecting, as far as possible, activities that will involve the persons who took part in the regional training programme and that are seen as the logical follow-up to the training (e.g. the implementation of standards or best practices presented during the training courses).

It is too early to detail the timing of events in Component Two as precisely as those in Component One. Moreover, it is to be expected that the form of implementation will largely be determined by the individual Eurosystem central banks which (either alone or in pairs) implement national activities for a specific authority.

In general, a commitment of up to 30 man days on the part of a single Eurosystem NCB can be expected for each of the eight beneficiaries. This could comprise, for instance, two missions by the NCB to the beneficiary and one consultation visit by participants from the central banks of the beneficiaries to the Eurosystem partner.

### **TECHNICAL SIMULATION EXERCISES – HOME-HOST COOPERATION (COMPONENT THREE)**

The banking sectors of most of the beneficiaries are characterised by a significant presence of foreign entities. Therefore, the role and functioning of supervisory colleges may be a particularly interesting and useful topic for the supervisory authorities in the EU candidates and potential candidates.

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Thus, technical simulation exercises will be organised during the final six months of the programme to offer an opportunity for the authorities of the eight beneficiaries to ascertain whether there is an acute need to improve home-host cooperation. The results of the exercises will be discussed in workshops and possible remedial action will be identified.

Technical simulations will consist of regional exercises to probe the functioning of a hypothetical regional college of supervisors in a non-crisis environment, as well as acute crisis simulations for groups of beneficiaries.

As is the case for Component Two, it is too early to describe exactly the timing and design of the simulation exercises. Currently, it is foreseen that a working group made up of staff from the ECB and IFIs will meet twice during the first half of 2011 to prepare the simulation exercises. An ad hoc Phase Three Simulations Task Force comprising representatives from all eight EU candidates and potential candidates and experts from participating NCBs will meet for the first time in Bratislava in May 2011.

# FOCUS ON COMPONENT ONE

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## VENUES

The programme's venues have been selected with a view to incorporating all beneficiaries involved in the project and forging links between the EU and its candidates and potential candidates. They reflect the history, culture and diversity of capitals in the EU and in the EU candidates and potential candidates.

During the first year of the programme, activities will mainly take place in a number of EU capitals with an emphasis on Ljubljana and Vienna. The second part of the programme comprising the national measures and the simulation exercises will, to a larger extent, take place in the capitals of a number of beneficiaries.

### Policy workshops

The three policy workshops will take place at the premises of the following institutions:

- > Committee of European Banking Supervisors, London
- > Financial Stability Institute, Basel
- > European Central Bank, Frankfurt am Main

### Training events

The majority of the training events will be held at the Center of Excellence in Finance in Ljubljana and the Joint Vienna Institute in Vienna.

Furthermore, the Banque de France, the Banca d'Italia, Hrvatska narodna banka and Národná banka Slovenska have offered to host one training event each in Paris, Rome, Zagreb and Bratislava respectively.

## ADMINISTRATIVE ARRANGEMENTS

### Invitation letters to participants

Once participants have registered with the ECB (see below), the providers of the training events will e-mail official letters of invitation for each course to the participants approximately four weeks before the respective course begins.

### Visas

For participants requiring a visa to enter the Schengen area, the organiser of the course they wish to attend will send an invitation letter, and will also inform the embassy or consulate in the respective country of the planned attendance of the seminar as well as assisting with procedures to obtain a visa.

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### **Travel and accommodation**

The programme will cover the costs of flights (economy class) and accommodation for beneficiary participants and members of the PSC. The programme will also cover the costs of the training courses.

Each participant or his/her sponsoring agency will be responsible for purchasing the participant's round-trip airline or train ticket and for making travel arrangements.

Accommodation (including breakfast) is provided for the duration of the course as well as for the day of arrival and departure. Participants are not allowed to extend their stay in the programme accommodation. If they intend to spend additional time in the country (if permitted by the visa regulations), they must obtain other accommodation at their own cost for this additional period. Under no circumstances can accommodation be provided for family members or other accompanying persons. Unfortunately, no exceptions can be made.

In Vienna, participants will normally be accommodated in single rooms at the Joint Vienna Institute residence. In all other cities, hotel accommodation will be provided by the organisers.

All reimbursements will be made to the institutions of the beneficiaries on the basis of monthly invoices, which should be presented to the ECB. No direct financial relationship will arise between the programme and the participants.

### **Programme language**

All courses will be held in English. Participants are therefore expected to have a good command of the English language. The programme does not provide translation or interpreting services for participants.

### **Length of the courses**

As a rule, courses will begin at 9 a.m. and finish at 4 p.m. or 5 p.m. Participants are expected to attend all the course sessions and should not arrange any other engagements for the period in which the courses are being held.

### **Dress code**

Normal business attire is recommended for the courses.



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## Feedback

At the end of each course, all participants will be expected to fill out an evaluation form.

## Certificate of participation

Participants in the training events who attend all the courses organised for their group will be awarded a certificate of participation.

## HOW TO APPLY

### Beneficiaries are kindly invited to nominate:

Their central bank governors or board members and their beneficiary institutions' managing directors or senior managers for the three policy workshops:

- > For each policy workshop, two board members or senior managers can be assigned.

Their experienced middle managers for the 20 training events planned for the seven groups in line with the conditions set out in this brochure:

- > For each of the seven groups, **two banking supervisors (up to 14 in total)** from among the middle management or regulators can be appointed.

Furthermore, beneficiaries are kindly requested to nominate contact persons for preparations for the activities in Component Two and Component Three.

- > For Component Two, each beneficiary should now nominate one contact person who will assist with the design of the bilateral cooperation with one or two Eurosystem members in the first half of 2011.
- > For Component Three, each beneficiary should now nominate one contact person who will assist with the organisation of the simulation exercises on supervisory colleges together with staff of the Eurosystem, the IMF and the World Bank in the second half of 2011.

### Application procedure

To register participants for the courses, please fill in the enclosed application forms and return them by e-mail or fax to:

Fax: +49 69 1344 8647

E-mail: [crp@ecb.europa.eu](mailto:crp@ecb.europa.eu)

Please note that the deadline for applications is 30 November 2009.

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## CONTACTS

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EU Neighbouring Regions  
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60311 Frankfurt am Main  
Germany

E-mail: [crp@ecb.europa.eu](mailto:crp@ecb.europa.eu)  
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### **Contact person:**

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