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**NOTE**

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from:	Secretariat
to:	Delegations
Subject:	Revised capital requirements rules (CRD IV) a) Proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms b) Proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate

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Delegations please find attached the updated Legislative Financial Statement relating to the above-mentioned legislative proposals, as received from the Commission services.

**1. 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

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## LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

#### **1.1. Title of the proposal/initiative**

Proposal for regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

Proposal for directive of the European Parliament and of the Council on the taking up and pursuit of the business of credit institutions and the prudential supervision of credit institutions and investment firms

#### **1.2. Policy area(s) concerned in the ABM/ABB structure<sup>1</sup>**

Internal Market – financial markets

Internal Market – financial institutions

#### **1.3. Nature of the proposal/initiative**

☒ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action<sup>2</sup>**

☐ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

#### **1.4. Objectives**

##### *1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

First and foremost, this initiative is linked to the strategic objective of improving the regulation and supervision of financial markets. The unprecedented level of fiscal support to banks needs to be matched with a robust reform addressing the regulatory shortcomings exposed during the financial crisis. This reform of EU bank regulation reflects the outcome of internationally coordinated work on the Basel III bank capital and liquidity framework and is aligned with another strategic objective of setting global standards through cooperation and agreement with international partners.

<sup>1</sup> ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

<sup>2</sup> As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No.1. (Internal Market – financial institutions)

Improve the capital requirements regime of the banking, insurance and pension sectors

Specific objective No.1. (Internal Market – financial markets)

Promote stability and integrity in financial markets through adequate supervision, robust market infrastructures and a high level of transparency

In addition to the above two specific objectives identified in the MARKT management plan for 2011, the initiative is geared towards contributing to the following specific objectives which have been identified in the impact assessments accompanying the proposals:

- enhancing bank risk management;
- preventing regulatory arbitrage opportunities;
- enhancing legal clarity;
- reducing compliance burden;
- enhancing level playing field;
- enhancing supervisory cooperation and convergence;
- reducing the cyclicalities of bank lending;

ABM/ABB activity(ies) concerned

Financial markets, financial institutions

#### 1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The proposals should lead to enhanced capitalisation and improved liquidity risk management of the EU banking sector. In turn, this should lead to the lower frequency of systemic banking crises in the future. The enhanced financial stability is expected to yield concomitant net economic benefits of annual increase in the EU GDP in the range of 0.3%-2%. These benefits will accrue to a wide range of stakeholders, including individual, SME and large corporate bank borrowers and creditors, governments, and the EU citizens in general.

The European Banking Authority (EBA) will play an important role in order to achieve these results, as the proposals, as amended by the co-legislators, ask it to develop some 105 binding technical standards (BTS), guidelines, reports and publications on various policy issues. BTS – which would eventually be endorsed by the Commission – will be key to ensure that provisions of highly technical nature are implemented uniformly across the EU and that the proposed policies work as intended. EBA's responsibilities related to issuing opinions and advice, investigating received notifications and fulfilling its mandate of mediation have also been expanded by this legislation.

EBA's work, therefore, should contribute to the effective attainment of the relevant strategic and specific objectives outlined in sections 1.4.1 and 1.4.2.

#### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

##### 1. Expected results:

- enhanced financial stability via improved regulation and supervision of banks;
- improved EU bank capitalisation and enhanced liquidity risk management.

##### Indicators:

- dynamics of the cost of protection against default of financial institutions;
- percentage of banks successfully passing EU stress tests;
- capital ratios and capital buffers above the minimum capital requirement, held by the EU banks.

##### 2. Expected result:

- enhanced effectiveness of the EU bank regulation and supervision

##### Indicator:

- number of binding technical standards developed by EBA on time

## **1.5. Grounds for the proposal/initiative**

### *1.5.1. Requirement(s) to be met in the short or long term*

Based on the two proposals, as amended by the co-legislators, some 85% of the BTSs and other deliverables that EBA is asked to prepare will be due before 2015 which requires an increase in its FTE count in order for it to handle the workload.

The increase in the FTEs will need to be sustained in the subsequent years to amend the already developed BTS and to prepare the remaining 15% of the deliverables. Also, in the long run, additional BTS development-related work will come from future legislative proposals in the area of EU banking regulation.

Additional human resources will also be necessary for EBA's responsibilities that are related to issuing opinions and advice, investigating received notifications and fulfilling its mandate of mediation. These responsibilities have been expanded by this legislative package and will kick in once the package is implemented, i.e., from 2014.

### *1.5.2. Added value of EU involvement*

There are several major justifications for the added value of EU involvement through this initiative. They include:

- a need to enhance the integration of the EU internal banking market;
- address several market and regulatory failures that were brought to light by the financial crisis;
- correct for regulatory arbitrage opportunities which are made possible by the current legislation; and
- ensure a consistent EU approach for tackling various issues covered by the scope of the initiative, which would do away with the need for Member States to pursue individual approaches that risk fragmenting the Internal Market.

Most importantly, only a common EU-level approach could be expected to effectively provide for financial stability and tame excessive financial pro-cyclicality, as currently policies that are directed toward these key systemic aspects are either geared to national needs or are absent altogether.

*1.5.3. Lessons learned from similar experiences in the past*

No BTSs that are linked to the CRD IV / CRR package have been finalised by EBA so far, since the adoption of the package has been delayed. However, work on a number of BTSs has been initiated in 2012 (see Annex for more details).

*1.5.4. Coherence and possible synergy with other relevant instruments*

The proposal is coherent with regulation with the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority)

## 1.6. Duration and financial impact

☐ Proposal/initiative of **limited duration**

- ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ Financial impact from YYYY to YYYY

☒ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Management mode(s) envisaged<sup>1</sup>

☐ **Centralised direct management** by the Commission

☐ **Centralised indirect management** with the delegation of implementation tasks to:

- ☐ executive agencies
- ☒ bodies set up by the Communities<sup>2</sup>
- ☐ national public-sector bodies/bodies with public-service mission
- ☐ persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

☐ **Shared management** with the Member States

☐ **Decentralised management** with third countries

☐ **Joint management** with international organisations (*to be specified*)

*If more than one management mode is indicated, please provide details in the "Comments" section.*

Comments

<sup>1</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

<sup>2</sup> As referred to in Article 185 of the Financial Regulation.



## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

According to Article 81 of the Regulation (EU) No 1093/2010, by 2 January 2014, and every three years thereafter, the Commission shall publish a general report on the experience acquired as a result of the operation of EBA and the procedures laid down in the Regulation. That report shall evaluate, inter alia, the degree of convergence in supervisory practices reached by national supervisors and whether resources of EBA are adequate to carry out its responsibilities. The report would be forwarded to the European Parliament and to the Council.

### **2.2. Management and control system**

#### **2.2.1. Risk(s) identified**

Two impact assessments have been conducted concerning the two proposals, identifying costs and benefits of different policy options to address the identified problems.

With respect to the responsibilities of EBA, there is a risk that effectiveness of the proposed rules is undermined by its inability – due to the lack of human resources - to deliver the BTS of high quality and in line with the dates set out in the Commission's proposal.

#### **2.2.2. Control method(s) envisaged**

Management and control systems of EBA are outlined in Chapter III of the Regulation (EU) No 1093/2010

Also, as mentioned under section 2.1, under Article 81 of this regulation, the Commission will be expected to publish every three years a report on the experience acquired as a result of the operation of EBA and the procedures laid down in the Regulation.

### **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

According to Article 66 of the Regulation (EU) No 1093/2010, for the purposes of combating fraud, corruption and any other illegal activity, Regulation (EC) No 1073/1999 shall apply to EBA without any restriction. EBA shall accede to the Inter-institutional Agreement concerning internal investigations by OLAF and shall immediately adopt appropriate provisions for all staff of EBA.

The funding decisions and the agreements and the implementing instruments resulting from them shall explicitly stipulate that the Court of Auditors and OLAF may, if need be, carry out on-the-spot checks on the beneficiaries of monies disbursed by the EBA as well as on the staff responsible for allocating these monies.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number 1A Competitiveness for Growth and Employment	DA/NDA <sup>(5)</sup>	from EFTA <sup>6</sup> countries	from candidate countries <sup>7</sup>	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
[...]	12.04.02.01 EBA subsidy under Titles 1 and 2 (Staff and administrative expenditure)	DA	YES	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
[...]	[XX.YY.YY.YY] [...]	[...]	YES/NO	YES/NO	YES/NO	YES/NO

<sup>5</sup> DA= Differentiated appropriations / DNA= Non-Differentiated Appropriations

<sup>6</sup> EFTA: European Free Trade Association.

<sup>7</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	Number 1A	Competitiveness for Growth and Employment		
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DG: MARKT			Year 2013 <sup>8</sup>	Year 2014	Year 2015	TOTAL
• Operational appropriations						
12.04.02.01	Commitments	(1)	0,711	1,408	1,297	3,415
	Payments	(2)	0,711	1,408	1,297	3,415
Appropriations of an administrative nature financed from the envelop of specific programs <sup>9</sup>						
Number of budget line		(3)				
<b>TOTAL appropriations for DG MARKT</b>	Commitments	=1+1a +3	0,711	1,408	1,297	3,415
	Payments	=2+2a +3	0,711	1,408	1,297	3,415

• TOTAL operational appropriations	Commitments	(4)	0,711	1,408	1,297	3,415
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<sup>8</sup>

Year N is the year in which implementation of the proposal/initiative starts.

<sup>9</sup>

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

	Payments	(5)	0,711	1,408	1,297	3,415
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)				
<b>TOTAL appropriations under HEADING &lt;1A&gt;</b> of the multiannual financial framework	Commitments	=4+ 6	0,711	1,408	1,297	3,415
	Payments	=5+ 6	0,711	1,408	1,297	3,415

**If more than one heading is affected by the proposal / initiative:**

• TOTAL operational appropriations	Commitments	(4)				
	Payments	(5)				
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)				
<b>TOTAL appropriations under HEADINGS 1 to 4</b> of the multiannual financial framework (Reference amount)	Commitments	=4+ 6				
	Payments	=5+ 6				

Heading of multiannual financial framework:	5	" Administrative expenditure "				
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EUR million (to 3 decimal places)					
Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL

• Human resources							
• Other administrative expenditure							
<b>TOTAL DG</b> <.....>	Appropriations						

<b>TOTAL appropriations under HEADING 5</b>	(Total commitments = Total payments)						
of the multiannual financial framework		EUR million (to 3 decimal places)					

<b>TOTAL appropriations under HEADINGS 1 to 5</b>		Year 2013 <sup>10</sup>	Year 2014	Year 2015	TOTAL
Commitments		0,711	1,408	1,297	3,415
Payments		0,711	1,408	1,297	3,415
of the multiannual financial framework					

<sup>10</sup> Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. *Estimated impact on operational appropriations*

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below:
  - The specific objectives of the proposal are outlined under section 1.4.2. The main type of output that EBA is expected to produce using the requested resources is binding technical standards (BTSs). The proposals require EBA to develop some 105 BTSs and other similar deliverables with 85% of them due before 2015. However, due to the nature of the initiative, the below table cannot be filled out as it is not possible to attribute BTS to a single specific objective, since - as a rule - one BTS contributes to the achievement of multiple specific objectives simultaneously. For instance, a BTS on consistent application of deductions from the regulatory capital would contribute to i) enhancing bank risk management; ii) preventing regulatory arbitrage opportunities; iii) enhancing legal clarity; iv) enhancing level playing field; and v) enhancing supervisory cooperation and convergence.

Indicate objectives and outputs  ↓		Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL			
	OUTPUTS									
	Type of output ii	Average cost of the output	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Total number of outputs	Total cost
SPECIFIC OBJECTIVE No 1 <sup>12</sup> ...										
- Output										
- Output										
- Output										
Sub-total for specific objective N°1										
SPECIFIC OBJECTIVE No 2...										
- Output										
Sub-total for specific objective N°2										
TOTAL COST										

11

12

### 3.2.3. Estimated impact on appropriations of an administrative nature - Not Applicable

#### 3.2.3.1. Summary

- ☐ The proposal/initiative does not require the use of administrative appropriations
- ☐ The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year N <sup>13</sup>	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)	<b>TOTAL</b>
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<b>HEADING 5 of the multiannual financial framework</b>								
Human resources								
Other administrative expenditure								
<b>Subtotal HEADING 5 of the multiannual financial framework</b>								
<b>Outside HEADING 5<sup>14</sup> of the multiannual financial framework</b>								
Human resources								
Other expenditure of an administrative nature								
<b>Subtotal outside HEADING 5 of the multiannual financial framework</b>								
<b>TOTAL</b>								

<sup>13</sup> Year N is the year in which implementation of the proposal/initiative starts.

<sup>14</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.



### 3.2.3.2. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources
- ☐ The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full amounts (or at most to one decimal place)*

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)
<b>• Establishment plan posts (officials and temporary agents)</b>					
XX 01 01 01 (Headquarters and Commission's Representation Offices)					
XX 01 01 02 (Delegations)					
XX 01 05 01 (Indirect research)					
10 01 05 01 (Direct research)					
<b>• External personnel (in Full Time Equivalent unit: FTE)<sup>15</sup></b>					
XX 01 02 01 (CA, INT, SNE from the "global envelope")					
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)					
<b>XX 01 04 yy<sup>16</sup></b>	- at Headquarters <sup>17</sup>				
	- in delegations				
<b>XX 01 05 02</b> (CA, INT, SNE - Indirect research)					
10 01 05 02 (CA, INT, SNE - Direct research)					
Other budget lines (specify)					
<b>TOTAL</b>					

**XX** is the policy area or budget title concerned.

<sup>15</sup> CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délégation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

<sup>16</sup> Under the ceiling for external personnel from operational appropriations (former "BA" lines).

<sup>17</sup> Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary agents	
External personnel	

### 3.2.4. *Compatibility with the current multiannual financial framework*

- ☐ Proposal/initiative is compatible the current multiannual financial framework.
- ☒ Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

New initiative of the Commission

- ☐ Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework<sup>18</sup>.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

[...]

### 3.2.5. *Third-party contributions*

- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year <b>2013</b>	Year <b>2014</b>	Year <b>2015</b>	Total
<i>Specify the co-financing body</i>	60% of total needs by Member States via EBA			
TOTAL appropriations cofinanced	1,066	2,111	1,945	5,123

<sup>18</sup> See points 19 and 24 of the Interinstitutional Agreement.

### 3.3. Estimated impact on revenue

- ☒ Proposal/initiative has no financial impact on revenue.
- ☐ Proposal/initiative has the following financial impact:
  - ☐ on own resources
  - ☐ on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget exercise	Impact of the proposal/initiative <sup>19</sup>						
		Year N	Year N+1	Year N+2	Year N+3	... insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)		
Article .....								

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

[...]

Specify the method for calculating the impact on revenue.

[...]

<sup>19</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.

**Annex to Legislative Financial Statement for proposal for regulation on prudential requirements for credit institutions and investment firms and for proposal for directive on the taking up and pursuit of the business of credit institutions and the prudential supervision of credit institutions and investment firms**

**Applied methodology and main underlying assumptions**

The costs related to tasks to be carried out by EBA stemming from the two proposals have been estimated for staff expenditure (Title 1), in conformity with the cost classification in the EBA draft budget for 2014 submitted to the Commission.

The two proposals of the Commission, as amended by the European Parliament and the Council, include provisions for EBA to develop some 105 new deliverables, consisting of binding technical standards (BTS), guidelines, reports and publications. The majority of these deliverables are BTSs whose aim is to ensure that provisions of highly technical nature are consistently implemented across the EU.<sup>20</sup> EBA is expected to deliver some 85% of the abovementioned deliverables before 2015. To meet this goal, increase in staffing level of EBA is required. As regards the nature of positions, the successful and timely delivery of these tasks will require, in particular, additional policy, legal and impact assessment officers. Additional personnel will also be necessary to deal with EBA's responsibilities which have been expanded by this legislative package and which are related to issuing opinions and advice, investigating received notifications and fulfilling its mandate of mediation.

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<sup>20</sup> Since EBA is a body with highly specialised expertise, it was empowered to develop BTSs in response to a need to introduce an effective instrument to establish harmonised regulatory technical standards in EU banking legislation to ensure, also through a single rulebook, a level playing field and adequate protection of depositors, investors and consumers across the Union. To this end, EBA prepares draft regulatory technical standards in areas defined by Union law, which do not involve policy choices, and which the Commission later endorses by means of delegated acts pursuant to Article 290 TFEU in order to give them binding legal effect. Before submitting draft BTSs to the Commission, EBA has to conduct extensive preparatory work which includes consulting on draft BTSs with interested parties and providing such parties with a reasonable opportunity to comment on proposed measures; carrying out regulatory impact assessments; legal drafting and other tasks.

Based on the estimates of the Commission services and EBA, the following assumptions were applied to assess the impact on number of FTEs required to develop BTS related to these two pieces of legislation:

- One policy officer drafts 2 BTSs of average complexity per year; this implies that 45 annual Full Time Equivalents (FTEs) are needed to produce 90 deliverables ( $85\% \times 105$ );
- One impact assessment officer is needed for 4 BTS processes; this implies that 22 annual FTEs are needed for this purpose;
- One legal officer is needed to draft 5 BTSs; this implies that 18 annual FTEs are needed for this purpose;
- Three additional support FTEs are needed to provide support to the above positions on a daily basis.

Hence, the delivery of 90 tasks, mostly BTSs, that are falling due before 2015, requires 88 FTEs.

According to EBA, at the end of 2011 there were 14 experts working on BTSs. In anticipation of the increase in BTS-related workload, in its draft budget for 2012 submitted to the Commission, EBA already requested additional 22 FTEs, of which 7 were earmarked for the work on BTSs.

As a result of the original LFS accompanying the legislative proposal for CRD IV / CRR, EBA has also been given 9 additional FTEs from 2013 onwards to deal with the increase in workload related to BTSs. However, the request for the additional 9 posts was based on the assumption of 55 BTSs, reflecting the draft CRD IV / CRR legislative proposals as of May 2011. Since then, some 50 additional tasks for EBA have been inserted due to the amendments proposed by the co-legislators and as a result of adoption of the proposal by the College. Naturally, in its submission of draft budgets for 2012 and 2013, EBA was not able to appropriately estimate the additional workload related to the two proposals because it did not know the number of BTSs that it would be asked to develop.

Assuming that EBA had 21 FTEs in 2012 and will have 30 FTEs in 2013 and 2014 who are dedicated to the work on BTSs, it still requires seven additional FTEs to deliver the 90 abovementioned tasks before 2015 (i.e.,  $88 - 21 - 30 - 30 = 7$ ).

Additionally, to fulfil its responsibilities related to issuing opinions and advice, investigating received notifications and fulfilling its mandate of mediation, from 2014 (i.e., once CRD IV and CRR are implemented) EBA will require additional three FTEs, bringing the total required additional FTEs from 2014 to ten.

Other assumptions:

- based on the distribution of FTEs in 2012 draft budget, additional 10 FTEs are assumed to be comprised of 8 temporary agents (79%), 1 seconded national expert (14%) and 1 contractual agent (7%);
- average annual salary costs for different categories of personnel are based on DG BUDG guidance;
- salary weighting coefficient for London of 1.344;
- training costs assumed at €1,000 per FTE per year;
- mission costs of €9,700, estimated based on 2012 draft budget for missions per average FTE;
- recruiting-related costs (travel, hotel, medical examinations, installation and other allowances, removal costs, etc) of €27,700, estimated based on 2012 draft budget for recruiting per position to be filled in.

It is assumed that the workload behind the above increase in FTEs will be maintained in 2015 onwards, and is linked, in part, to amending the already developed BTSs and, in part, to preparing the remaining 15% of BTSs under the two legislative proposals and under other forthcoming legislative proposals in the area of banking regulation.

The method of calculating the increase in the budget linked to CRD IV / CRR is presented in more detail in tables below. The calculation reflects the fact that the Community budget funds 40% of the costs. Tables 1 and 2 show the budget for the FTEs that have already been given to EBA for 2013 and onwards as a result of the workload estimates included in the original LFS. Tables 3 and 4 show the need for additional funds for EBA in 2014 and onwards.

Table 1: Budgetary impact of 9 additional FTEs granted to EBA in 2013

Cost type	Calculation	Amount (in thousands)			
		2013	2014	2015	Total
Title 1: Staff expenditure					
<i>11 Salaries and allowances</i>					
- of which temporary agents	=7*131*1,344	1,232	1,232	1,232	3,697
- of which SNEs	=1*78*1,344	105	105	105	314
- of which contract agents	=1*70*1,344	94	94	94	282
<i>12 Expenditure related to recruitment</i>					
	=9*27,7	249			249
<i>13 Mission expenses</i>					
	=9*9,7	87	87	87	262
<i>15 Training</i>					
	=9*1	9	9	9	27
Total Title 1: Staff expenditure		1,777	1,528	1,528	4,832
Of which Community contribution (40%)		711	611	611	1,933
Of which Member State contribution (60%)		1,066	917	917	2,899

Table 2: Establishment plan for the seven temporary agent positions granted to EBA in 2013:

Function group and grade	Temporary posts
AD 16	
AD 15	
AD 14	
AD 13	
AD 12	
AD 11	
AD 10	
AD 9	2
AD 8	3
AD 7	2
AD 6	
AD 5	
AD total	7



Table 3: Budgetary impact of 10 additional FTEs requested by EBA for 2014

Cost type	Calculation	Amount (in thousands)		
		2014	2015	Total
Title 1: Staff expenditure				
<i>11 Salaries and allowances</i>				
- of which temporary agents	=8*131*1,344	1,409	1,409	2,817
- of which SNEs	=1*78*1,344	105	105	210
- of which contract agents	=1*70*1,344	94	94	188
<i>12 Expenditure related to recruitment</i>				
	=10*27,7	277		277
<i>13 Mission expenses</i>				
	=10*9,7	97	97	194
<i>15 Training</i>				
	=10*1	10	10	20
Total Title 1: Staff expenditure		1,991	1,714	3,706
Of which Community contribution (40%)		797	686	1,482
Of which Member State contribution (60%)		1,195	1,029	2,224

Table 4: Establishment plan for the eight temporary agent positions requested by EBA for 2014:

Function group and grade	Temporary posts
AD 16	
AD 15	
AD 14	
AD 13	
AD 12	
AD 11	
AD 10	1
AD 9	3
AD 8	3
AD 7	1
AD 6	
AD 5	
AD total	8