Basel Committee
on Banking Supervision

Progress report on the implementation of principles for effective supervisory colleges

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1. Introduction

A series of key initiatives have been undertaken since the recent financial crisis with regard to the reform of international financial regulation and supervision. In particular, supervisors have taken steps to enhance the supervision of global systemically important banks (G-SIBs). Effective supervisory colleges play a key role in such enhanced supervision. Indeed, the purpose of supervisory colleges is to more effectively supervise G-SIBs and other internationally active banking groups by strengthening information-sharing among supervisors, helping the development of a common understanding of risk in banking groups, promoting a shared agenda for addressing risks and vulnerabilities, and providing a platform for communicating key supervisory messages among college members.

Supervisory colleges play a valuable role in the supervision of internationally active banks by assisting members in developing a more comprehensive understanding of a bank's risk profile, both globally and in major jurisdictions, and providing a framework for addressing topics that are highly relevant to the supervision of the group. Home and host supervisors are responsible for making risk assessments in their respective jurisdictions, while information exchange organised in the supervisory colleges plays an important role in contributing to these assessments.

Colleges generally are not and were never intended to be decision-making bodies, except within jurisdictions where there are legal requirements and frameworks for such decision-making.[1] While effective colleges may result in synergies that make supervision more efficient through enhanced coordination and reduced duplication of supervisory activities, it should be noted that colleges do not substitute for home or host supervisory responsibilities and judgment, nor are they intended to ease the supervisory burden on firms. Moreover, since college arrangements are tailored to the specific characteristics of banking groups and home and host supervisors, there is no one-size-fits-all approach to supervisory colleges.

The Colleges Working Group (CWG, formerly the Task Force on Colleges), under the oversight of the Supervision and Implementation Group (SIG), was established by the Basel Committee in September 2009 to share experiences regarding the establishment and functioning of supervisory colleges and in turn develop guidance to assist supervisors in implementing good practices. Following the publication of *Good practice principles on supervisory colleges* (college principles) in 2010, the Basel Committee focused on examining implementation of the college principles through the use of internal questionnaires. This was in preparation for a formal review and revision of the principles which the Basel Committee agreed should take place approximately two years after issuance. Questionnaires were conducted in 2011 to establish a benchmark for implementation of the college principles and in 2012 to measure progress relative to the benchmark. The questionnaires highlighted significant progress and identified some areas of best practice, and also provided pertinent feedback on practical challenges in implementing the principles as well as inconsistencies in interpretation. While the questionnaires provided useful input, the highly tailored nature of supervisory colleges made it somewhat difficult to draw conclusions from the data without exercising considerable judgment.

1 Notably, within the European Union.

In June 2014, the Basel Committee issued revised *Principles for effective supervisory colleges*, which took into account members' experiences, the outcomes of the 2011 and 2012 surveys, and feedback received from the Basel Consultative Group[2] (BCG) and industry representatives.

After the finalisation of the 2014 college principles, the Basel Committee continued monitoring their implementation (bearing in mind that they do not constitute a binding standard) and reviewing the effectiveness of colleges. Section 2 summarises the monitoring initiatives undertaken by the Basel Committee, and Section 3 highlights key findings. Section 4 provides a sample of the challenges faced by supervisors in running effective supervisory colleges and the practical approaches taken to address them. Broadly speaking, the monitoring indicated considerable progress in the functioning of supervisory colleges in recent years, and supervisors intend to continue enhancing the effectiveness of colleges and addressing remaining challenges going forward.

2. Monitoring approach

As part of its ongoing monitoring work on colleges, the Basel Committee adopted a two-pronged approach to monitoring their effectiveness: (i) a brief questionnaire on the existence of colleges, and (ii) a case study approach to promote more in-depth discussion of current and leading practices and issues in colleges.

2.1 Existence of colleges and monitoring of their activities

Information on whether supervisory colleges have been established for both global systemically important banks (G-SIBs)[3] and other internationally active banks in Basel Committee member jurisdictions is gathered on an annual basis. Data have been gathered for 68 banking groups from 20 member countries. The monitoring table is set out in Annex A to this report.

As of the end of March 2015, supervisory colleges have been established for all G-SIBs, with two exceptions. The G-SIBs that do not have supervisory colleges have very limited international operations, but the home supervisors will consider implementing supervisory colleges if these firms' international activities grow over time.

The format and scope for colleges differ depending on the scale, structure and complexity of the banking group and the requirements of home and relevant host supervisors. For example, some jurisdictions may have only core or universal college arrangements, while most jurisdictions utilise more than one college structure.

2.2 Monitoring of the functioning of colleges – a case study approach

To gain a more comprehensive understanding of the current state of supervisory colleges, the SIG agreed that it would be worthwhile for the CWG to undertake a structured series of in-depth case study

[2] The Basel Consultative Group is comprised of Basel Committee members and non-members and serves as the Committee's main vehicle for interacting with the international supervisory community.

[3] Based on the list of designated G-SIBs published by the Basel Committee and the Financial Stability Board in November 2014 (using the Basel Committee's updated assessment methodology and the higher loss absorbency requirement). See www.bis.org/bcbs/gsib/gsibs_as_of_2014.htm.

presentations by members about the structure, nature and activities of the colleges they were leading or participating in. Case studies allowed greater sharing of detailed anecdotal information about ongoing activities that would otherwise be difficult to capture through a questionnaire, and allowed for more in-depth questioning and sharing of host supervisor perspectives. The purpose of the case studies was not to evaluate the effectiveness of individual colleges, but rather to exchange detailed information and have an active dialogue, assess the status of implementation of the principles, and capture the range of current and leading practices.

The pilot case study presentation was conducted in April 2014, guided by an outline to ensure consistency in scope of coverage and facilitate the aggregation of observations. As at January 2015, a total of 13 case study presentations had been conducted by members from North and South America, Europe and Asia, covering both G-SIBs and other large cross-border banking groups.[4] Some of these case studies focused on a single bank, while others covered multiple internationally active banks. While most case studies were presented from the perspective of the home supervisor, the presentations were designed to also capture host supervisors' perspectives. Specifically, case study presenters were asked to share feedback received from host supervisors as part of their presentations, while other CWG members were asked to provide feedback on presentations where they act as host supervisors for colleges under discussion. Moreover, several members made case study presentations that focused specifically on their experience as host supervisors. In addition, there was a dialogue with the BCG in early February to provide additional host supervisory perspectives. Because the primary purpose of colleges is to enhance the supervision of internationally active banking groups, the focus of this monitoring exercise was to gather feedback from supervisors rather than from industry representatives or other stakeholders.[5]

The outcome of the case study discussions is summarised in Section 3.

3. Case study presentations – key findings

This section sets out the detailed findings and observations of supervisors responding to the case study presentations conducted by members of the CWG. For each principle, the text summarises the main conclusions, reflecting on the perspectives of home and host supervisors in respect of their overall college experience. The key findings of the case study presentations can be summarised as follows:

- While there is room for improvement in several areas, the broad sense of supervisors – from both a home and host perspective – is that the functioning of supervisory colleges has continued to improve and that supervisors have made considerable advances in implementing the college principles. Supervisors also agree that this momentum should be sustained by continuing to enhance the effectiveness of colleges and actively addressing challenges as they arise.
- Colleges play a key role in assisting supervisors by giving both home and host supervisors a comprehensive view of risks and vulnerabilities to a firm and identifying emerging risks on a

[4] In addition to the case study presentations, the SIG hosted a workshop on supervisory colleges in May 2014 at which 11 members made presentations regarding their experiences and issues they had encountered in their participation in colleges.

[5] The CWG is nevertheless aware of some industry perspectives on supervisory colleges, based not only on feedback provided directly to home supervisors on college arrangements for specific firms, but also as a result of comments on the consultative paper published in January 2014 on the revised *Principles for effective supervisory colleges* and on feedback provided as part of the FSB's May 2015 *Thematic Review on Supervisory Frameworks and Approaches for SIBs: Peer Review Report.*

timely basis. Sharing multiple perspectives on risk helps supervisors to paint a picture of a firm's global risk profile.

- Colleges have evolved to be key forums for rigorous discussion of broader issues that enhance supervision of global firms and contribute to the planning of supervisory assessments.
- A wide range of college structures have been developed by home supervisors to reflect the differing size, complexity and global reach of internationally active banks, and home supervisors have tried to be more sensitive to host supervisor concerns in developing criteria for college membership.
- Legal and institutional arrangements are important contributors to successful colleges and have been enhanced in recent years, but trust and mutual understanding among members are equally important, if not more so.
- The collaborative work among college members contributes to improving the effectiveness of the oversight of cross-border banking groups. It takes various forms, for example exchanging information on experiences and supervisory issues, including an assessment of risks faced by the group; sharing supervisory responses to identified issues; and undertaking joint work to review a bank's activities and address related issues.
- While supervisors report that interaction with firms has improved in supervisory colleges, particularly in terms of a higher-quality engagement with management, many firms have indicated that they would like to receive more feedback on college discussions.
- Although some progress has been made as regards the role of colleges in crisis preparedness, this principle has also been cited as the area with the most implementation challenges, in part because crisis management groups have assumed some of the responsibilities formerly undertaken in supervisory colleges.

Principle 1: College objectives

Supervisory colleges should enhance, on an ongoing and confidential basis, information exchange and cooperation among supervisors to support the effective supervision of international banking groups. Colleges should enhance the mutual trust and appreciation of needs and responsibilities on which supervisory relationships are built.

Summary

The overarching objective of a supervisory college is to assist its members in developing a better understanding of the risk profile and vulnerabilities of a cross-border banking group and to provide a framework for addressing key topics that are relevant to the supervision of the group. The fulfilment of this overarching Principle depends on supervisors successfully implementing and delivering on the necessary components discussed in Principles 2 to 7. In addition, colleges are intended to consist of ongoing relationships throughout the year rather than simply being periodic point-in-time meetings.

Overall, the establishment of colleges has helped to establish mutual understanding and trust between home and host supervisors, which have been cited by many home and host supervisors in the case study presentations as being critical to fostering information-sharing and collaborative work.

The case studies also indicated that supervisory colleges have evolved beyond in-person meetings to ongoing relationships and information exchange among supervisors. Teleconferences, videoconferences, letters, e-mails and secure websites have often been cited as common communication channels used by supervisors between in-person meetings.

As noted in the college principles, colleges generally are not intended to be decision-making bodies, but should provide a framework to enhance effective supervision of international banking groups on a consolidated and solo basis and can inform decision-making in that regard. In the European Union (EU), supervisory colleges have undertaken joint risk assessment and decisions (JRAD) on institution-specific prudential requirements, eg. capital and liquidity. While this has often been cited as a good practice to ensure the effective supervision of international active banking groups, this is unique to the EU jurisdiction and is largely dependent on the EU regulatory framework. Moreover, while some non-EU host jurisdictions have participated in the JRAD process by providing input to the performance of the joint risk (liquidity) assessment with contributions covering group entities in their jurisdiction, many others – including significant host supervisors – have not done so. This suggests that while the JRAD process has been successful within Europe, it is probably unrealistic to expect that joint decisions on capital and liquidity would be feasible in other jurisdictions that do not share a common legal or regulatory framework. Notwithstanding these restrictions, many supervisors recognised the need to discuss and assess jointly the risks faced by the group, with the aim of developing a shared understanding of the firm's global risk profile.

Principle 2: College structures

Supervisory colleges should be structured in a way that enhances effective oversight of international banking groups, taking into account the scale, structure and complexity of the banking group, its significance in host jurisdictions and the corresponding needs of its supervisors. While a college is a single forum, multiple or variable substructures may be used given that no single college structure is likely to be suitable for all banks.

Summary

College structures

A wide range of college structures have been established to meet the needs of home and host supervisors and to align with the size, complexity, global footprint and activities of international banks. According to information shared in the case study presentations, college structures are typically tailored to the unique circumstances of each bank. Among the structures noted in the case studies were the following:

- For some banks where there is no need to establish multiple structures, a single college is in place. Terminology varies, with supervisors referring to these colleges as "universal", "general", "unitary" or "expanded".
- More commonly, particularly for the largest internationally active banks, colleges include multiple structures (between two and four structures), with various combinations of the following:
  - **Core colleges**, which typically include host supervisors from the jurisdictions where operations are most significant for the banking group;
  - **Extended/expanded colleges**, which typically include a broader group of host jurisdictions, often with consideration being given both to the significance of operations for the bank and to the systemic importance for the host country;
  - **Universal colleges**, which may be open to all or most host supervisors; and
  - **Regional colleges**, which focus on issues and tasks particular to a specific geographical area. In the case studies where supervisors reported their use, some regional colleges are organised by the home supervisor, while others are organised by a host supervisor that

acts as a de facto home supervisor for the region, with the ultimate home supervisor participating in and co-chairing such regional colleges.

In addition to these structures, which generally are ongoing, some supervisors have used specialised college structures that typically are ad hoc and focus on specific technical issues such as specific risk areas or business lines. Likewise, as discussed below under Principle 3, all supervisors indicated that college structures are supplemented and reinforced by strong bilateral contacts, which play a key role in the oversight of global banks. Notably, there is no one-size-fits-all approach to college structures, nor should there be. Home supervisors, who are responsible for establishing colleges and determining membership, take these decisions based on a variety of factors, recognising that increasing the number of structures or the number of participants in each college structure has resource implications for both home and host supervisors.

Examples of structures

The range of college structures for banking groups varies widely. Following are examples of structures that were presented in the case studies for various G-SIBs, each of which was tailored based on the scale, structure and complexity of the banking group and the needs of home and host supervisors:

- A core college with six host jurisdictions, a general college with core college members plus all regional supervisors, a global college open to all host supervisors, and a regional college led by a prominent host supervisor.
- A regional college with 15 host supervisors and an extended college with seven additional host jurisdictions.
- A core college with five host jurisdictions and an extended college with an additional 10 host jurisdictions.
- A core college with two host jurisdictions, a regional college with all regional host supervisors, and a wider college for all host supervisors outside the region.
- A core college with four host jurisdictions and no broader structures.
- A general college with 38 supervisors and no core college.

College membership

Some of the most significant areas of disagreement among home and host supervisors regarding supervisory colleges have typically related to membership decisions, although the case studies seemed to indicate that this has been less pronounced in recent years. A common theme in the case study discussions was that there is typically a trade-off between the size of a college meeting and the depth and quality of discussions. Home supervisors therefore try to balance the sometimes competing objectives of greater inclusion and more meaningful discussions. The evolution of multiple structures is one way that home supervisors have tried to strike this balance and allow broader membership while having more focused discussions in core college meetings. Many home supervisors noted that increasing the number of structures poses logistical challenges, including significant strains on time and staff resources. Host supervisors, too, noted that college attendance can be costly and time-intensive, with some reporting that they have declined invitations for this reason.

In addition to utilising a variety of college structures, home supervisors indicated that they use a variety of criteria to determine membership. These criteria are typically used to assess the significance of operations in host jurisdictions to the bank as a whole, but are also increasingly used to understand the significance of a bank’s operations in those jurisdictions. Several home supervisors indicated that they try to identify jurisdictions where the bank's operations may be systemically important, which has been raised as a critical issue by many host supervisors.

While all home supervisors indicated that judgment plays an important role in determining membership, many supervisors reported greater use of quantitative metrics and qualitative factors to inform their judgment. Home supervisors have found that considering a variety of factors can provide helpful input to their decisions, and can in turn enable them to be more transparent with host supervisors regarding these decisions, especially since many supervisors reported that requests to participate in colleges were increasing. Among the many factors that home supervisors reported taking into consideration were:

- The significance of host operations to the bank (eg as measured by total and/or risk-weighted assets in a jurisdiction as a percentage of consolidated bank assets, or revenue in a jurisdiction as a percentage of consolidated bank revenue)
- The systemic importance of bank operations to a host jurisdiction (eg as measured by assets in a jurisdiction as a percentage of that jurisdiction's gross domestic product or total banking assets, or revenue in a jurisdiction as a percentage of that jurisdiction's total banking revenue)
- Sizeable local retail presence
- The existence of regional operating, processing, or management hubs
- Jurisdictions where the bank is growing rapidly
- Where activities are conducted and booked
- Significant supervisory issues
- The existence of formal information-sharing agreements
- Global supervisory strategy
- Input from bank management regarding their views of the relative significance of its operations

While several home supervisors indicated that they are transparent with host supervisors regarding the criteria that they consider when making membership decisions, this is still not a widespread practice. In this regard, home supervisors may consider whether it is feasible to communicate to host supervisors – even in summary form and upon request rather than unsolicited – the factors used in determining membership.

Most supervisors indicated that they review college membership periodically. Some members noted that as a bank changes its global footprint and potentially downsizes in some jurisdictions, it may be appropriate in the future to reconsider whether host supervisors from those jurisdictions should continue to participate in the college, which could impair home-host relations if not handled in a sensitive manner.

Meeting attendance

A number of supervisors noted that who actually attends college meetings is key to the success of the discussions. This can have several dimensions. In some cases, supervisors noted that attendees were not sufficiently senior, especially if the college needed to agree on specific follow-up actions, although members also noted that, as a practical matter, it may be difficult to send senior officials to college meetings because of the demands on their time. In other cases, supervisors indicated that, for more technical discussions, attendees may be so senior that they lack specific knowledge about issues faced by the bank. To assist host supervisors in determining who should represent them at college meetings, it would be helpful for home supervisors to circulate agendas, desired outcomes and meeting materials well in advance (which many report does not currently happen). Others noted that frequent turnover of attendees can be problematic because continuity over time can foster greater trust and engagement, although members also acknowledged that turnover often cannot be avoided.

Principle 3: Information-sharing

College members should do their best to promptly share appropriate information with respect to a banking group's principal risks, vulnerabilities and risk management practices. Mutual trust and willingness to cooperate are key for effective two-way information-sharing. To facilitate this process, supervisory colleges should strive towards confidentiality agreements among college members, such as those contained in memoranda of understanding (MoUs).

Summary

Sharing of information is the core function of supervisory colleges and the effective exchange of information every college's principal purpose, as it is a basic prerequisite for risk assessments and other college activities such as collaborative work (Principle 5) and crisis preparedness (Principle 7). Since the inception of supervisory colleges, considerable effort has been made to improve the information flow in both directions, from home to host supervisors and vice versa. In particular, in the aftermath of the financial crisis, supervisory colleges have been identified as an important means of increased communication among supervisors of cross-border banking groups. The series of case studies underlined the importance of unhindered and candid sharing of information for successful supervisory colleges.

Progress achieved

On the whole, the case studies demonstrated that information-sharing among college members has been further enhanced, with some noted challenges primarily attributed to issues such as confidentiality concerns, as well as the size and composition of college structures.

With regard to the nature of information exchange, the case studies frequently reported that information shared within colleges and their structures generally covers supervisory risk assessments, risk reports, supervisory plans, key financial reports and capital and liquidity positions. Examples of good practices included cases where authorities openly shared their annual supervisory plans with other college members (which allowed authorities to focus on areas where supervisory examinations are organised at local entities), as well as cases where feedback from host supervisors was shared within the college.

Sharing of information has expanded in terms of scale and scope, with both home and host authorities commenting positively on the information shared. For host authorities the main benefit lies in a better understanding of the risk profile of the group resulting from their access to information such as home supervisory findings and views, which in some cases may be relevant for the entities in their jurisdiction. For home authorities, on the other hand, colleges are regarded as a source of additional information enabling them to have a consolidated view of firm-wide risk and learn about issues faced by the various entities and branches of the banking group, which may be relevant to the parent company or various group entities. Sharing of information about key risks and vulnerabilities to the firm allows both home and host supervisors to have a more comprehensive understanding of the firm-wide risk profile.

The noted improvements in the scope and frequency of information exchanged, however, are mostly attributed to the information exchange organised within the core college structure. Many host supervisors – particularly those that do not participate in core colleges – indicated that information-sharing within the college has improved, but still could be better. In addition, some host supervisors who participate in extended/general colleges indicated that it would be helpful to get information about issues that were discussed at the core college, given the perceived information asymmetry between core colleges and general/extended colleges. There are a variety of ways that this could be done (eg sharing minutes of core college meetings), but at least one home supervisor indicated that they arrange "breakfast briefings" for interested universal college participants to share feedback from the core college meeting.

Sharing non-public information

In one case study, the home supervisor of a G-SIB indicated that several years ago their agency was reluctant to share non-public information within the extended supervisory college despite the existence of confidentiality agreements. As a result, most of the information shared with host supervisors was publicly available. Several host supervisors candidly informed the home supervisor that this was adding very little to their understanding of the firm's activities and risk profile. Upon further reflection, the home supervisor took steps to improve their sharing of more meaningful supervisory information in the college. This not only contributed to enhanced supervision of the bank, but also fostered a more trusting relationship among members of the college.

With regard to when information exchange tends to occur in practice, the case studies reported that, even though there have been some efforts to keep information flowing throughout the year and through different channels as outlined in Principle 4, information-sharing seems to be concentrated in the period directly before and after the in-person meetings and less information flow between meetings.

Legal and cultural aspects of information-sharing

In general, it seems that members of colleges are becoming more comfortable with information-sharing in the college setting. This development is to some extent due to the greater use of memoranda of understanding (MoUs) and written agreements of a similar nature. However, there are also some impediments to appropriate information sharing which can be characterised as "cultural" features.[6]

As noted in Principle 3, supervisory colleges are encouraged to strive towards confidentiality agreements such as MoUs. The case studies indicate that the use of MoUs has become common; most MoUs currently in place are bilateral, whereas multilateral college MoUs – with the exception of the European Economic Area (EEA) countries[7] – are virtually non-existent.

Nonetheless, some case studies also noted that supplementary agreements have been tailored to individual colleges using bespoke confidentiality agreements. In these cases, participants agreed individually to keep the information shared appropriately confidential. This was viewed as a potentially effective way of overcoming confidentiality issues.

Overall, however, the case studies were not able to provide a single solution to the confidentiality issue as the individual cases were too different and a one-size-fits-all approach across jurisdictions with different legal frameworks and supervisory practices is simply not feasible. In this context, the challenge remains to find the appropriate balance between respecting legal constraints and sharing of information which is relevant for the appropriate audience.

[6] To be clear, cultural features in this case do not refer to national characteristics, but rather more generally to patterns of interpersonal communication arising in a group dynamic.

[7] Case studies covering colleges from the EEA region generally reported high levels of information-sharing in the context of – and in compliance with legal requirements – developing joint risk (liquidity) assessments and reaching joint decisions on capital and liquidity.

While legal obstacles can impede effective information-sharing, there are other constraints as well. In particular, cultural issues can impede information-sharing when the mutual understanding and trust between supervisors highlighted in Principle 1 has not yet been established. As reported in at least one case study, in rare cases it may happen that MoUs and similar agreements are not honoured and supervisory authorities refrain from sharing information despite having MoUs in place. Therefore, while legal mechanisms such as MoUs may be necessary to promote greater sharing of information, they are not sufficient to ensure that information-sharing will occur in practice.

Against this backdrop, case study presenters emphasised the importance of personal relationships between college participants in order to create an environment of mutual trust within colleges. To achieve this, it was recommended to keep the representatives in specific supervisory college meetings and activities as stable as possible and avoid extensive and unnecessary turnover. Likewise, members noted that information-sharing tends to be self-reinforcing; that is, as college participants get accustomed to ongoing information-sharing in an open manner and develop relationships of trust with colleagues, over time they become more comfortable sharing information. This can be achieved by ongoing use of different information channels as outlined in principle 4.

Principle 4: Communication channels

Communication channels within a college should ensure the efficiency, ease of use, integrity and confidentiality of information exchange. The home supervisor should make sound communication channels available to the college and host supervisors should use them appropriately and regularly.

Summary

As with the other principles, there is no one-size-fits-all approach for colleges that can or should be prescribed for communication channels, as the best and most effective methods are very much determined by the needs, concerns and structure of the particular college. It is also difficult to strip out communication channels from other aspects of college organisation (in particular Principles 1 to 3). Communication is determined by what college participants want to get out of the college (the objectives). It is driven to a large part by who participates and at what level (the structure) and is how supervisors keep each other abreast of issues and developments (information-sharing). Less directly, effective communication channels are also important for the success of any collaborative work; all parties should be clear about what they are expected to do or what their role or contribution is. Good communication with the institution itself will also play a large role in shaping the institution's approach to the college. Well-practised and tested communication channels will be essential in a crisis and so should be key to colleges' consideration of effective crisis preparedness arrangements. The form that appropriate communication channels should take for a given firm must therefore be considered in the round with the other principles and as a key means of meeting best practice standards.

At a practical level it is possible to think of the various communication channels as three mostly distinct types: in-person or face-to-face, virtual (telephonic, video or web-based), and paper-based or written. The case studies revealed a large degree of commonality between jurisdictions in how they use various forms of communication, and supervisors are striving to devise new and creative ways to keep each other informed. It also became clear that effective colleges use multiple forms of communication as complements to each other, such as video conferences to prepare for physical meetings, newsletters to communicate key messages after the college meeting and secure websites for regular contact.

That is not to say, however, that challenges do not still remain; each communication channel is subject to limitations, and suitability for the task at hand may vary. The challenge for the home supervisor as organiser of the college is therefore to choose the best method for the information that needs to be shared at any given point in time. This means that all colleges should be flexible and varied in the means of communication they adopt and be prepared to review these choices over time to ensure that they remain effective.

In-person meetings

In-person meetings of colleges remain the most effective (though most resource-intensive) means of communication between supervisors. College meetings are very much the norm, with most home authorities of G-SIBs organising in-person meetings of the college at least annually but often more frequently. Anecdotal evidence suggested that there was little substitute for meeting with supervisory colleagues in person to discuss issues of mutual interest and that these meetings often improved the quality of later virtual or written communication as individuals had already established a rapport. Improvements were also reported in terms of the organisation of the colleges, with pre-meetings or increased virtual communication prior to a physical meeting helping to ensure that college attendees were best matched to the information that needed to be shared.

As noted in other sections of this report, challenges around costs and resources associated with attending colleges are material and can serve to limit the effectiveness of in-person meetings if jurisdictions are either unable to attend or if attendance is pitched at the wrong level. Given the inherently international dimension of colleges, language can also pose a problem. The majority of colleges discussed in the case study presentations are conducted in a single language, which may make it more difficult for some jurisdictions to participate fully. Provision of translation services can be helpful but is not in itself sufficient to ensure that all participants have a common level of comprehension of the information being shared.

Virtual communication

There has been a marked increase in the variety and volume of virtual contact between college members over the last period. As well as regular e-mails between authorities in the normal course of supervision, a number of authorities have established secure web platforms for information exchange. These websites are particularly useful for transmission of sensitive information during going-concern and emergency situations. In the European Union there is an obligation to establish secure e-information channels for routine exchange of information, but even in jurisdictions where this is not mandated there has been an increase in the use of such channels. The case studies indicated that ongoing usage and regular updating of information hosted on these websites is not uniform and requires a commitment of resources, so work remains to be done to maximise the potential of this form of communication. As with any web-based facility, concerns over security such as hacking or viruses and technology outages are real and remain high. Provided security concerns are addressed, it is possible that these worries will decrease over time as users become more comfortable with the technology.

The use of telephone conferences and other styles of virtual meeting has also been increasing as technology improves. The case studies suggested that this type of contact is also very useful and can increase the sense of familiarity between supervisors across jurisdictions, though less so than in-person meetings. Use of teleconferences in particular can be an effective way of ensuring prompt and open communication on an ad hoc basis without the cost and resource implications of travel to an in-person meeting. However, time differences, lack of personal contact and language differences can limit effectiveness.

Paper-based or written format

Use of periodic newsletters has been increasing, with a number of jurisdictions choosing to disseminate pertinent information to all members of the college on a regular basis in this way. These newsletters may contain information such as action plans, timelines for proposed work or assessments, and updates on policy or supervisory actions taken. These regular and formulaic communications mean that all members of the college receive the same information, which they can easily digest and follow up on as required.

Circulation of the agenda and minutes of core and other colleges to non-members also represents a relatively easy and consistent way of communicating with even large numbers of jurisdictions.

Considerations for the home authority are whether this less tailored, more generic approach stimulates the right kind of interest or response from host authorities, especially given that developing written products will require a commitment by the home supervisor, so home authorities should seek feedback on the utility of these publications or circulations.

Finally, it is worth noting that concerns relating to confidentiality discussed elsewhere in this report are a particular issue and may constrain or hamper the effectiveness of any chosen method of communication.

Principle 5: Collaborative work

Supervisory colleges should promote collaborative work among members, as appropriate, to improve the effectiveness of the oversight of international banking groups. Collaborative work should be by agreement among supervisors and should recognise national legal constraints.

Summary

Collaborative work was highlighted during the case study presentations as an important objective behind the establishment and running of supervisory colleges. The case studies provided evidence of how collaborative work is perceived by supervisors, with examples of work activities ranging from the exchange of information (eg to develop a common understanding on the risks and vulnerabilities faced by the banking group or to benefit from the supervisory views of other college members) to the actual performance of joint work. Supervisors with various experiences and expertise in supervising international banking groups and their entities come together to exchange views, assessments, plans and supervisory strategies with the aim of learning from each other and leveraging each other's work in an effort to identify common issues and to better understand approaches that would facilitate and improve supervisory oversight of diverse firms. Many believe that the interaction among supervisors under the auspices of colleges is progressing, giving them the possibility to better understand each other and to build relationships of trust which ultimately foster a stronger framework around collaborative work and serve as a good basis for the function of colleges through the implementation of other college principles such as information exchange (Principle 3) and crisis preparedness (Principle 7).

Supervisors' participation in collaborative work depends both on the college structure and on the significance of the respective entity's operations in a host jurisdiction to the group (with collaborative work in some cases organised on a bilateral basis), as well as on the relevance of the scope of collaborative work for the respective entity (eg centralised management of liquidity may apply to specific entities of the group). In many cases, collaborative work is organised among members of the core college, given that this substructure usually reflects the significance of entities' operations for the group. The size, structure and international presence of the group were also commented on as one of the factors affecting participation in collaborative work, with some noting that for larger banking groups (eg G-SIBs) collaborative work – especially in the form of work such as joint on-site inspections – is typically organised on a bilateral basis. In at least one case, supervisors from three countries conducted a joint supervisory review of the operations of a large global firm.

Level at which collaborative work is organised

With regard to the level at which collaborative work is proposed and organised (eg home or host initiative, work undertaken at parent entity level or at local subsidiary), members cited examples of host authority participation, usually under an observership status, in supervisory examinations organised by the home authority in the local subsidiaries. Another example of collaborative work was the assessment of banks' internal models, where members underlined the efforts by host supervisors to leverage on validation work performed by the home supervisor (and vice versa in some cases). Apart from the examples of collaborative work organised by the home supervisor, there are also cases of collaborative work initiated by host members in which the home authority, and in some cases other host members of the college, are invited to participate and contribute in the performance of the work, although such cases remain the exception.

College "homework" assignments

In order to deepen college discussions and coordinate follow-up work with host supervisors, the home supervisor of a G-SIB organised work around a specific topic. In this case, prior to the core college meeting, the home supervisor sent a set of discussion questions to college participants on the adequacy of the firm's internal audit function in host jurisdictions. At the actual core college meeting, the firm's chief auditor made a presentation and took questions from college members, followed by a supervisor-only discussion of the questions that had been previously circulated. Following this discussion, a revised set of questions on internal audit adequacy was circulated to core college participants for discussion at the subsequent college meeting. While host supervisors were not required to conduct additional supervisory work, those that chose to do so had the benefit of having heard from both the firm's head office and other host supervisors to help tailor their work.

Regulatory framework

From the case studies it was evident that the ability to undertake joint work is affected to a great extent by the national or regional regulatory framework in the areas where a cross-border banking group operates. In particular, there are cases where national legal frameworks, including but not limited to issues of confidentiality, restrict college members from participating in joint work organised by the home supervisor or other members of the college, even though the scope and focus of the joint work may be relevant for the supervisory work of the former and for the entities of the group they supervise. Such challenges are long-standing, with some members proposing practical solutions such as participating in meetings and verbal discussions without reliance on formal documentation that could be subject to legal constraints (eg regarding the sharing of confidential information). In the case studies, supervisors noted improvements in overcoming these challenges largely through the signing of bilateral MoUs.

On the other hand, in the case of Europe, the legal framework sets obligations for competent authorities to undertake specific supervisory tasks in a coordinated way and to organise the performance of these tasks under the auspices of the supervisory college (eg Pillar 2 capital joint decisions, model approval or model validation). These obligations have expanded in recent years, requiring the performance of further supervisory tasks such as liquidity risk assessments and liquidity joint decisions or assessment of recovery plans developed by banking groups to be performed jointly by specific college members. Other non-EU members of the college (which are not bound by the regulatory framework applicable in the EU) have voluntarily chosen to participate in the collaborative work, to the extent possible, recognising the associated benefits. For example, there have been many cases where non-EU supervisory authorities not only participated in the performance of the group risk assessment and group liquidity risk assessment by providing their contribution with regard to the entity of the group in their jurisdiction, but also used the templates developed by EU supervisors notwithstanding the differences in supervisory methodologies and practices. Other non-EU supervisors noted, however, that differences in definitions and methodologies made it difficult to use the EU templates.

Benefits of collaborative work

The case studies highlighted that the sharing of supervisory views, strategies and plans has proved to be helpful for both home and host supervisors. In some cases home supervisors consider the feedback from host members to be extremely helpful in developing and adjusting future supervisory strategies (eg an example was shared where deep discussion of liquidity risk management in a host jurisdiction led to reinforcement of the supervisory method followed by the home supervisor). Colleges have adopted as a common practice the sharing of individual supervisory programmes, aiming to identify areas of common work and exploring ways to avoid duplication of work performed by various college members and to enhance the quality of supervision. This could lead to a more efficient and effective use of resources and the allocation of joint supervisory activities where expertise, interest and resources are available. Many home and host supervisors indicated that conducting joint work had been especially helpful in gaining a more comprehensive understanding of a bank's risk profile and in understanding different supervisory perspectives. In this context, supervisors stressed the importance of assessing jointly the risks faced by a group, developing a shared understanding of the firm's global risk profile and aiming to address these risks in a coordinated way. Input and risk assessments of host supervisors in this regard were viewed as beneficial both for the home and other host supervisors.

Examples of and challenges to collaborative work

Among the examples that were noted during the case study presentations were:

- asset quality reviews
- supervisory stress testing
- governance assessments
- joint decisions beyond legally imposed requirements
- discussions of banks' forward-looking capital and liquidity requirements, including discussions of the new capital framework for G-SIBs and D-SIBs
- profitability strategy reviews
- internal audit practice assessments
- reviews of booking practices
- credit risk reviews in specific regions of the group
- global service centre reviews

The case studies demonstrated that collaborative work is promoted and organised to the extent possible even though challenges remain. Among these challenges the ones noted most frequently were:

- availability of expertise and resources;
- operational challenges in organising participation and involvement in joint activities (eg language barrier, confidentiality constraints);
- meeting deadlines that serve the supervisory cycle of another authority; and
- understanding the supervisory practices across regions and translating and sharing supervisory assessments and outcomes, including differences in definitions used by supervisory authorities.

Against this backdrop, supervisors underlined the importance of understanding the various supervisory practices, without necessarily aiming to adopt similar methodologies and approaches, but in an effort to benefit from the experiences and know-how of other supervisors or in an effort to identify potential risks to which various entities of the same group may be exposed. Moreover, even where differing terminology and definitions of risk types across jurisdictions make it difficult to agree on common risk metrics and measures, it is nevertheless valuable to understand how supervisors view risk levels and trends in their respective jurisdictions.

Principle 6: Interaction with the institution

Interaction between the college members and the banking group should complement the interaction that individual supervisors (both home and host) have with the specific entity they supervise.

Summary

Both home and host supervisors recognise the value of direct communication with the banking group as part of supervisory college meetings, in support of supervisory college objectives. Interaction with senior bank management allows access to a wider range of information and encourages a common understanding between supervisors of risks and vulnerabilities of the banking group. In particular, host authorities gain an opportunity that they might not otherwise have to interact with global senior management, and the college provides a forum for host authorities to ask questions and raise local concerns or issues.

The case studies noted that interaction with banking group management, as part of supervisory college meetings, is an integral component of effective supervisory colleges. In almost all of the case studies, the college meeting agenda included a session with bank management; however, banking group representatives typically attend only a part of the college meeting as determined generally by the home supervisor. Given that a key objective of supervisory colleges is to serve as a structure for collaboration, coordination and information-sharing among the supervisory authorities responsible for and involved in the supervision of cross-border banking groups, much of the time at college meetings is typically devoted to candid discussions among supervisors without bank management in attendance (and is not aimed at harmonising supervisors' approach to the firms, though this could be an associated benefit). As such, the involvement of banking group representatives is organised to allow dialogue with management and to inform the performance of respective supervisory tasks.

Generally, the case studies showed differences in the level of participation and seniority of attending bank management (for example, in some cases college meetings were attended by the chief executive officer, chief financial officer, chief risk officer and other senior executives, whereas in other cases business line or risk managers participated in the meetings), which was often the result of differences among individual college meeting agendas or the college structures under which meetings or activities were organised. In some jurisdictions, board members may participate in a specific part of the core college meeting, whereas technical specialists might be more useful participants in other circumstances. Some supervisory colleges allow management to attend the less formal aspects of colleges – breakfast, coffee breaks, lunch. This is viewed as positive for both home and host authorities. Additionally, this interaction may provide host authorities with a way to informally discuss regional issues with parent company management.

The opportunity for host supervisors to interact with banking group senior management is a key benefit of supervisory colleges. The college provides a forum for host supervisors to gain enterprise-wide information and to raise issues unique to their jurisdiction. The case studies noted rich discussions between supervisors and banking group management through supervisory colleges. Host and home supervisors are able to achieve a better – and consistent – understanding of the banking group's strategy, operations, management and risk controls through college meetings.

Home supervisors are generally responsible for ensuring that bank presentations are meaningful and meet the expectations of all supervisory college participants. In this context, the home supervisor typically discusses the details of the banking group presentations with management and provides feedback prior to the supervisory college meeting. Through these discussions, home supervisors seek to ensure host supervisors' expectations are met and to promote higher-quality presentations. To ensure host supervisors' information needs are incorporated into management presentations, home authorities often solicit input from attending host authorities on specific agenda items they wish management to address at the supervisory college meeting. Additionally, home supervisors may ask host supervisors to provide detailed information on the local entity, including prioritised concerns and areas where host supervisors require additional information.

While structuring bank management presentations to meet all college members' needs remains a challenge, the case studies indicated that there has been noted improvement in banking group presentations. Presentations at many colleges have become more strategic and risk-focused, and less generic and investor-oriented. This improvement is due to greater involvement from the home supervisor on the front end to promote ideas of group interest, as well as management experience with presentations to college meetings and responsiveness to feedback from participants. There is a difference in the level of information shared by the banking group between a core college and an expanded college. The expanded/general colleges generally consist of high-level presentations from management, and are unlikely to include confidential strategic plans.

Follow-up after supervisory college meetings seems to have improved, with host supervisors often using the information from the meeting to address concerns with local management or, in some cases, with the home supervisor following up on locally identified concerns with group management (with feedback subsequently provided to the respective host supervisor). In addition, providing feedback to the banking group immediately after the supervisory college meeting is a practice that is currently followed by more supervisors, although banks have indicated that they are not necessarily satisfied with the amount of feedback that they receive. The format and quality of this feedback as well as the information shared between supervisors on the feedback provided to management varies across jurisdictions, depending on the key areas of focus or concern of the home supervisors. Providing feedback to the firm following supervisory college meetings can be an important tool for promoting consistent messages from supervisors.

While interaction with firms in supervisory colleges seems to be working reasonably well, at least from the supervisory perspective, there remains scope for improvement in certain areas: the quality of management presentations; active host participation; and feedback to the banking group.

Mandatory follow-up

One home supervisor indicated that, to the extent possible, they expect management to provide immediate responses to issues host supervisors raise during college meetings. Moreover, after college meetings have concluded, the home supervisor summarises issues raised during supervisor-only discussions and shares the issues with bank management. The bank is expected to take corrective action, whether at the head office or in local operations. The bank is also expected to submit a report to the home supervisor explaining how issues were rectified.

Banking group presentations

The topics in management presentations are tailored to the requests from college participants when these are organised and communicated beforehand, but at times are not seen to be as forward-looking or strategic as would be preferred, although there has been progress. Banking group presentations have become more of a common practice and their quality has improved, although supervisors noted that in some cases management still presents investor-oriented or publicly available information. The case studies note progress where the home authority has played a more active role in working with management, for their own benefit or on behalf of requests from host authorities, to request specific information from the banking group prior to the supervisory college meeting. Additionally, home and host authorities benefit from early discussions of topics of interest for management to present at the college meetings.

Host involvement

As evidenced in the case studies, host supervisors appreciate the opportunity for in-person meetings with senior management. However, home supervisors continue to see a need for improvement in the level of engagement of host supervisors in discussions with the banking group at supervisory college meetings. This includes situations where host supervisors bring up significant issues with the home supervisor following the meeting with management, as opposed to taking the opportunity to provide feedback directly to management (recognising that this is not always appropriate). To encourage active involvement, home supervisors engage in ongoing discussions with host supervisors, and involve hosts in planning of the supervisory college meeting agenda and focus. One example from the case studies was the use of a survey on a specific topic sent to all college participants prior to the college, and used in the meeting with management. Hosts cite a number of hindrances to greater participation, including the timeliness of information received and the depth of management presentations. As potential solutions, some hosts suggest circulating management presentations in a timely manner and giving the in-person meeting with the banking group representatives a slot in the middle of the meeting agenda.

To address these concerns, home supervisors could increase their efforts to provide agenda information to hosts, to allow sufficient time for distribution and review of the information. This may also be addressed by using ongoing dialogue more effectively, and is the responsibility of both home and host supervisors.

Feedback to the banking group

The format of the feedback communicated to the banking group after the college meeting varies across supervisors; however, each case study jurisdiction recognised the importance of communicating information from the college to the supervised entity, including but not limited to the way their presentation and participation in the college were perceived by members. While it may not always be possible to share detailed information about college discussions given their confidential supervisory nature, providing feedback to the firm can enhance the effectiveness of both the college and the overall supervision of the firm.

Generally, home authorities are responsible for communicating information from the college to the parent company of the group. Feedback has taken the form of a written document provided to the management or discussions with management following the college. In one jurisdiction, the home supervisor prepared a summary of issues/concerns and circulated the document among all college participants for input and feedback. Once all supervisors had been consulted, the consolidated document was provided to the firm by the home authority. This was seen as positive from all sides – the banking group and supervisors alike – and allowed a consistent message to be sent by home and host supervisors, but it may not be immediately achievable or desirable for all colleges.

Principle 7: Crisis preparedness

Supervisory colleges are distinct from but complementary to crisis management and resolution structures. The work of a banking group's supervisory college should contribute to effective crisis management planning.

Summary

Crisis preparedness is an evolving topic in the wake of the financial crisis, with substantial progress made in areas such as resolution planning (which is often not in the purview of the supervisory college). The case studies indicated that crisis preparedness has progressed since the college principles were introduced. In particular, college efforts in crisis preparedness have evolved from the setting-up of emergency contact lists into supervisors putting more thought and effort into the development of a college-specific framework for crisis preparedness, with assigned roles and responsibilities among college members and in some cases even a pre-agreed set of information to be exchanged in emergency situations.

In some jurisdictions, such improvement in crisis preparedness is mainly attributable to the establishment of and the work undertaken by the crisis management groups (CMGs), the members of which often overlap to some extent with core college structures. In this regard, members noted that it was helpful that firm-specific CMG meetings have often been held in conjunction (the day after or before) with the supervisory college meetings, reinforcing the complementarity of these structures and making attendance arrangements easier to manage. Against this backdrop, supervisory colleges have shown increasing levels of awareness of crisis preparedness issues.

Nevertheless, based on the case study presentations, it is clear that the principle on crisis preparedness has posed a greater challenge for implementation by supervisors than the other principles, primarily for two reasons:

- Many supervisors noted that, in practice, following a coordinated approach in addressing an emergency situation faced by the parent entity of the group or any of its entities, or even keeping college members informed on actions taken individually to deal with an emergency situation, is challenging, given the need to act promptly and to safeguard the confidentiality of information.
- The division of tasks and responsibilities between supervisory colleges and other structures (eg CMGs, resolution colleges) differs within and among jurisdictions with various legal requirements, and the role of colleges in crisis management and resolution has in some cases become less clear as CMGs have gained heightened prominence.

A major concern expressed by host supervisors not involved in core colleges is that limited information is often shared between CMGs and general/extended colleges. On the other hand, home authorities have indicated that dealing with crisis preparedness has its limitations in regular college settings because supervisory colleges are supposed to deal with business-as-usual situations and the ongoing business operations of banks, whereas other structures may be primarily responsible for recovery and resolution issues. In addition, as time is usually limited and meeting agendas are already quite full, colleges can easily be overstretched if they also try to discuss recovery and resolution issues.

In this regard, some supervisors observed that as recovery planning takes shape, it may be easier to include it in college agendas. Since recovery planning is "going concern" planning, some supervisors are considering discussing in college meetings where the home supervisor is responsible for recovery planning.

4. Challenges and practical approaches followed by supervisors to address them

The following section provides a sample of practical solutions that supervisors described within the case studies for managing specific challenges associated with the implementation of the principles. Not all of the practical solutions will be applicable or useful in all situations, so this should not be viewed as a prescriptive list of steps that supervisors should take. However, supervisors may benefit from some of the practical approaches outlined herein.

Home supervisors strive to reach a balance in **deciding on the appropriate number of structures and in determining membership** in those structures, with more complex structures imposing operational challenges for both home and host supervisors and membership remaining an occasional source of disagreement between home and host supervisors. Supervisors also grapple with questions about the appropriate level of seniority and expertise of college participants in the efficient and effective functioning of colleges.

The case studies noted practical approaches that various home supervisors had taken to overcome these challenges, such as:

- Keeping the number of structures at a level that appropriately balances home and host supervisors' needs and capacity in terms of time and resources.
- Supporting membership decisions with quantitative and qualitative factors.
- Sharing the criteria used for determining membership with host supervisors.
- Revisiting decisions on membership on a periodic basis to ensure that membership remains up to date.
- Building and leveraging on relationships of mutual understanding and trust.
- Communicating the yearly meeting calendar and circulating meeting agendas and expectations well in advance to enable host supervisors to make decisions on the most appropriate attendees from their authorities and to plan the allocation of supervisory resources.

The series of case studies underlined the great importance of unhindered and candid sharing of information for successful supervisory colleges. However, host supervisors still expressed **concerns about information asymmetries between core and universal/extended colleges**, since it was evident that more focused and specific supervisory information is organised and shared more frequently within the core college (which, it should be noted, many members agreed was natural and appropriate) than in wider college structures. Both home and host supervisors seem to remain more cautious about discussing potentially confidential issues in larger groups, especially in cases where there are fears that existing MoUs or other confidential agreements may not be honoured.

Among the practical approaches shared during the case studies, the following seemed to provide manageable solutions by which home supervisors may be able to overcome these challenges:

- Sharing minutes of core college meetings with members of general/extended college structures to the extent this is practicable (though this could have a detrimental effect on the granularity of minutes).
- Arranging breakfast briefings for interested supervisors from general/extended college structures to share information from core college meetings in terms of both discussions and intended supervisory actions.
- Keeping information flowing throughout the year and not just around in-person meetings.
- Investing in the development of strong and long-term working relationships among college members to create an environment of mutual trust. This seems to be easier when there is greater continuity of college participants, although members recognised that some turnover among members is unavoidable.
- Enhancing MoUs and confidentiality arrangements with supplementary agreements tailored to the needs of specific college meetings, discussions or activities, especially when confidential information is expected to be exchanged.
- Leading by example by promoting a culture of information-sharing on a continuous basis and in an open manner.

With regard to communication channels again there is no one-size-fits-all approach, as the best and most effective methods around communication channels are very much determined by the needs, concerns and structure of the particular college. Many of the challenges in having multiple communication channels arise from **resource constraints for both home and host supervisors**. Among the practical solutions supervisors have come up with, the following were noted:

- Organising colleges with pre-meetings for certain structures of the college.
- Running core and expanded/general college meetings back-to-back to facilitate efficient use of supervisory resources and information exchange between different college structures.
- Investing in secure web-based platforms for exchanging sensitive information in going-concern and emergency situations, although resources may be necessary to maintain such platforms.
- Recognising the benefits from each means of communication and their complementary role, by making use of various communication channels throughout the year that meet both home and host supervisors' objectives.

Collaborative work is typically organised at different levels (by the home or host supervisors) with participation of supervisors affected by three main factors: (i) the significance of the entity's operations for the bank; (ii) the relevance of the scope of collaborative work for a specific entity/supervisor; and (iii) the national or regional legal framework.

The case studies indicated that, even where supervisors were willing to engage in such work, **practical challenges arose in organising collaborative work**, including the availability of resources and expertise, operational challenges (eg language barriers, confidentiality constraints), differences in supervisory cycles, divergent supervisory practices and differences in definitions used by supervisory authorities.

To overcome these difficulties, supervisors have noted the following approaches:

- Discussing annual supervisory programmes in an effort to explore chances for collaborative work well in advance and to enable supervisors to organise and commit their resources at the earliest possible stage of the supervisory cycle.
- Organising coordinated supervisory activities where expertise, interest and resources are available for their performance.
- Giving supervisors the possibility to participate under an observership status.
- Developing tools for communicating – and to some extent translating – supervisory outcomes produced by different supervisory methodologies and approaches.
- Promoting the benefits of collaborative work by sharing outcomes when possible with general/extended college members.
- Emphasising meetings and verbal discussions without reliance on formal or confidential documentation.

The case studies demonstrated that interaction with banking group management during supervisory college meetings is an integral component of effective supervisory colleges, with benefits recognised by both home and host supervisory authorities, although some noted that there was room for improvement in the **organisation and quality of discussions with bank management**.

To further improve interaction with the banking group, including for example the appropriate banking group representation at in-person meetings, the quality of presentations, feedback provided to bank representatives and host supervisor involvement, the following potentially practical solutions were discussed during the case study presentations:

- Ensuring banking group presentations are useful to college participants by seeking, gathering and communicating expectations and needs of college members and providing feedback from the home supervisor to management on draft presentation materials before the meeting.

- Setting and communicating meeting agendas on a timely basis to allow both banking group and host authorities to organise their participation in the college meeting effectively.
- Sharing banking group presentations with college members in advance of the college meeting to allow hosts to prepare questions and comments so as to more effectively participate in the meeting.
- Scheduling the participation of banking group representatives in the middle of the college meeting, to allow supervisory discussions to take place before and after discussions with management and hence allow members to prepare for and reflect upon these discussions.
- Discussing follow-up actions and clarifying roles between home and host authorities (eg home follows up with the parent entity and hosts with their local entities).
- Organising the provision of feedback to the banking group representatives in a clear way to ensure consistency of supervisory messages.

Annex A

Existing supervisory colleges in Basel Committee member jurisdictions as of March 2015

Country	Bank(s)	G-SIB (Y/N)
Australia	Australia and New Zealand Banking Group Limited	N
	National Australia Bank Limited	N
Belgium	KBC Group NV	N
Brazil	Banco do Brasil	N
	Itaú Unibanco	N
Canada	Bank of Montreal	N
	Bank of Nova Scotia	N
	Canadian Imperial Bank of Commerce	N
	Royal Bank of Canada	N
	Toronto Dominion Bank	N
China	Agricultural Bank of China	Y
	Bank of China	Y
	Bank of Communications	N
	China Construction Bank	N
	Industrial & Commercial Bank of China	Y
France[8]	BNP Paribas	Y
	Group Crédit Agricole	Y
	Société Générale	Y
Germany	Deutsche Bank	Y
	Commerzbank	N

8 While Group BPCE has been classified as a G-SIB, at this time there is no formal supervisory college for this firm because its operations are primarily in the EU jurisdictions, which currently fall under the supervision of the European Central Bank – Single Supervisory Mechanism.

Country	Bank(s)	G-SIB (Y/N)
India	State Bank of India	N
	ICICI Bank	N
	Bank of Baroda	N
	Bank of India	N
	Axis Bank	N
	Punjab National Bank	N
Italy	Unicredit Group	Y
	Intesa-San-Paolo	N
Japan	Mitsubishi UFJ FG	Y
	Mizuho FG	Y
	Sumitomo Mitsui FG	Y
	Nomura Holdings	N
Korea	Shinhan Bank	N
	Woori Bank	N
Luxembourg	EFG Investment (Luxembourg) S.A.	N
	KBL European Private Bankers	N
	Quilvest Wealth Management SA	N
	RBC Investor Services Bank S.A.	N
	State Street Bank Luxembourg SA	N
Netherlands	ING Bank	Y
	ABN AMRO	N
	Rabobank	N
Russia	Sberbank of Russia	N
	VTB	N
Singapore	DBS Bank	N
	Oversea-Chinese Banking Corporation	N
	United Overseas Bank	N
Spain	BBVA Group	Y
	Santander	Y

Country	Bank(s)	G-SIB (Y/N)
Sweden	Nordea	Y
	Svenska Handelsbanken	N
	SEB	N
	Swedbank	N
Switzerland	Credit Suisse	Y
	UBS	Y
United Kingdom	Barclays	Y
	HSBC[9]	Y
	Royal Bank of Scotland	Y
	Standard Chartered Bank	Y
	Lloyds Banking Group	N
United States[10]	Bank of America	Y
	Bank of New York Mellon	Y
	Citigroup	Y
	GE Capital Corporation	N
	Goldman Sachs	Y
	JP Morgan Chase	Y
	Morgan Stanley	Y
	State Street	Y

9 A regional college for The Hongkong and Shanghai Banking Corporation Limited, a subsidiary of the HSBC Group, has also been established by the Hong Kong Monetary Authority in addition to the wider college established by the UK Prudential Regulation Authority.

10 While Wells Fargo has been classified as a G-SIB, at this time there is no formal supervisory college for this firm because its operations are primarily domestic and US supervisors meet regularly. An international supervisory college for Wells Fargo will not be established until the firm has sufficiently large non-US operations.

Glossary of terms[11]

Colleges Working Group (CWG) case study presentations	A series of presentations given to the CWG by members from North and South America, Europe and Asia between April 2014 and January 2015. The goal of the case studies was to support the group's monitoring mandate by providing members with an in-depth view into the range of experiences across member jurisdictions in implementing the supervisory college principles. Presentations were given from the perspective of both home and host supervisors. The presenters were asked to include the following information in each presentation: (i) home jurisdiction background, including the economy and banking sector; (ii) introduction to the banking group(s) covered by college(s); (iii) discussion of cases relative to each of the college principles (structures used, information shared, collaborative work undertaken, interaction with institution, etc); (iv) effectiveness; and (v) challenges.
core college	Core colleges typically include host supervisors from the jurisdictions where operations are most significant for the banking group. In the case studies presented, they ranged from three to 10 members.
expanded college (or extended college)	Expanded colleges typically include a broader group of host jurisdictions, often with consideration being given both to the significance of operations for the bank and to the systemic importance for the host.
home supervisor	The consolidating supervisor for a banking group in the jurisdiction where the head office is incorporated. In some cases, the "home" role may not be limited to the consolidating supervisor in a given jurisdiction (eg the United States, where the Federal Reserve is the consolidating supervisor, but shares the home supervisor role in supervisory colleges where a national bank within the consolidated banking group is supervised by the Office of the Comptroller of the Currency). The home supervisor is responsible for tailoring all college elements – including its structure, members and the level of communication with the firm, among other considerations – to the unique circumstances of the supervised firm, particularly since the home supervisor is responsible for understanding the firm's overall condition and risk profile.
host supervisor	The supervisory authority of any jurisdiction in which a financial institution operates outside its "home" jurisdiction. Host supervisors often provide input to the home supervisors' decisions regarding structure, membership, collaborative work, etc undertaken by a particular college, and contribute to the home supervisor's understanding of the firm's overall condition and risk profile.

11 This glossary of terms is defined as used within this report. The definitions used may slightly differ from similar terms used in other Basel Committee documents.

JRAD	Refers to the performance of the "joint risk (liquidity) assessment and the reach of capital and liquidity joint decisions" – tasks which are undertaken within European Economic Area (EEA) supervisory colleges. While non-European college members are not required by law to participate in the JRAD process, the EU legislation encourages their participation under specific conditions, and some of them – upon invitation by the home supervisor – do participate in the performance of the joint risk (liquidity) assessment, without signing joint decisions. The capital and liquidity joint decisions include conclusions on capital adequacy, required level of own funds, liquidity adequacy and any quantitative or qualitative liquidity measures for all EEA entities and at the consolidated level, but do not cover non-EEA entities of the group.
regional college	Membership (except for the home supervisor, which may be from outside the region) and agenda items are limited to a specific geographical area. Among regional colleges described through the case studies, some are organised directly by the home supervisor, while others are organised by a host supervisor that acts as de facto home supervisor for the region, with the home supervisor acting as co-chair.
significant jurisdiction	In the context of this report, a significant jurisdiction is one that is important for the operations of the financial institution covered by the supervisory college.
Single Supervisory Mechanism (SSM)	The SSM was introduced in 2014 and is a new system of banking supervision for Europe. It comprises the European Central Bank and the national supervisory authorities of the participating countries. It may act as home or host supervisor, depending on the supervised institution.
supervisory college	Permanent but flexible structures for collaboration, coordination and information-sharing among the authorities responsible for and involved in the supervision of cross-border banking groups. The primary purpose of supervisory colleges is to enhance the supervision of international banking groups. The structure(s) of the supervisory college for a banking group is (are) determined at the home supervisor's discretion based upon that supervisor's judgment regarding the structure that would most effectively achieve the supervisory college objectives for a given institution. All case study participants reported experiences from at least one version of the structures described herein, while some home supervisors have chosen to use a combination of two or more of these structures. Core, expanded/extended, universal and regional colleges as defined herein are subsets of supervisory colleges.
systemic jurisdiction	In the context of this report, a systemic jurisdiction is a jurisdiction for which the financial institution covered by the supervisory college is systemically important.
universal college	A supervisory college in which membership is open to all or most jurisdictions in which the financial institution operates. (Note that some jurisdictions refer to their expanded colleges as universal colleges even if not all host jurisdictions are invited to participate.)