

Principal's Group Meeting, 14 November, 2016

Accounts¹

Attendance:

Department of Finance	Central Bank	NTMA
Ann Nolan	Philip Lane	Conor O'Kelly
Des Carville	Sharon Donnery	Frank O'Connor
Antoine Mac Donncha	Maurice McGuire	
(Sec)	Apologies: Cyril Roux	
Apologies: Derek Moran.		

1. Accounts of previous meeting and matters arising.

Accounts were agreed. Members were invited to revert with comments on the accounts which were to be published.

2. Update from Department of Finance –Financial Services Division - Banking update

The Department met with Danièle Nouy. Discussion was frank, positive and productive. It was confirmed that Ireland was supportive of ECB Banking Supervision which must maintain a consistent and fair approach.

Under the proposed wording of the draft ECB guidance on Non-Performing Loans (NPLs), a restructured NPL would appear to remain an NPL permanently. The Banking and Payments Federation Ireland (BPFI) may make a submission to the public consultation on the draft guidance on this point. It is possible that the wording implications were not intended.

Minister and Derek Moran are currently in Washington.

¹ These accounts are published as a record of the meeting. The Financial Stability Group may decide to omit information from the published record that is legally or commercially confidential, where it contains confidential supervisory information, relates to matters under deliberation or where it is in the public interest to do so.

3. Central Bank update

In the coming weeks the ECB will hold a monetary policy meeting of the Governing Council to discuss monetary policy decisions on key interest rates and non-standard measures.

The Central Bank's Macprudential Measures Committee will meet to consider the review of the macro-prudential rules next Wednesday.

No significant public disquiet occurred following the appointment of liquidators to Rush Credit Union, process was orderly.

The Central Bank will discuss the the Central Bank (Variable Rate Mortgages) Bill before the Oireachtas Committee on the 8th of December. The ECB will publish their opinion on the Bill.

4. NTMA update

The US election results gave rise to higher, steeper yields and wider spreads. Geopolitical risk and inflation are being priced in. The markets are reasonably healthy but there is some volatility. Ireland's yields have moved in line with other sovereigns, spreads widened across the board.

5. Review of Principal's Group

The proposed terms of reference were discussed. It was agreed that financial stability should be referenced in section 5(3) and that the statutory independence of the organisations should be reflected in the document. The published accounts of the group should capture the rationale for decisions made. The Group will be named the "Financial Stability Group".

6. SSM meeting in Frankfurt

This item had already been discussed at item 2.

7. AOB

A strong judgment was delivered in favour of the State by the Court of Justice of the European Union (CJEU) in the Piotr Skoczylas case.

A challenge is being brought to the Asset Quality Review (AQR) in Slovenia.

The Department of Finance (DoF) is likely to announce this week that syndicate banks will be sought for project Viking, on the basis of an 18-month appointment.

The Apple annulment application was lodged.