

## Joint Committee of the European Supervisory Authorities 2019 Work Programme

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- i. The Joint Committee of the European Supervisory Authorities (the “ESAs”) is the forum in which the three ESAs, namely the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA), liaise very closely and on a regular basis with the aim to strengthening cooperation among each other. The European Commission and the European Systemic Risk Board (ESRB) also participate in the Joint Committee.
- ii. The ESAs cooperate closely to ensure cross-sectoral consistency as well as supervisory convergence in line with their institutional role. Through the Joint Committee, the three ESAs regularly coordinate their supervisory activities within the scope of their respective responsibilities and ensure consistency in their practices. The Joint Committee works in particular in the areas of risks and vulnerabilities for financial stability and micro-prudential analysis of cross-sectoral developments, retail investment products, supervision of financial conglomerates, accounting and auditing, and measures combating money laundering. The ESAs, via the Joint Committee, jointly explore and monitor potential emerging risks for financial markets participants and the financial system as a whole.
- iii. In 2019, the Joint Committee will continue to focus its work on consumer protection issues such as supporting and providing guidance for the PRIIPs Regulation, as well as monitoring and analysing financial technology innovations, and sustainability developments. In the field of anti-money laundering and counter terrorist financing, the Joint Committee will continue work on reviewing and developing its Guidelines and Technical Standards as necessary, as well as seek to enhance supervisory cooperation on anti-money laundering supervision in the EU. The Joint Committee will continue to be an important forum for discussing key cross-sectoral trends and vulnerabilities to financial stability, with the publication of bi-annual cross-sectoral Risk Reports and its submission to the EFC-FST. In the area of Financial Conglomerates, the Joint Committee will further develop and finalise its work on specific reporting formats for financial conglomerates.
- iv. In addition, the Joint Committee will serve as an important body for addressing other cross-sectoral matters such as the issues emanating from the UK withdrawing from the European Union, ongoing developments regarding the proposals to enhance the operation of the ESAs, mandates stemming from the Securitisation Regulation, and the work on the long-term performance of retail investment products.

## Consumer Protection and Financial Innovation

- v. The Joint Committee enhances confidence and strengthens the protection of European consumers in relation to banking, insurance and securities products. This will continue to be an area of priority for the Joint Committee in 2019.

Topic/Activity	PRIPs work on review of the Regulation and Delegated Regulation
<b>Description</b>	The ESAs are required to review the application of Commission Delegated Regulation 2017/653 and propose amendments where appropriate, as well as provide information to the Commission to support the review of PRIIPs in accordance with Article 33 of Regulation.
<b>Expected output</b>	Technical advice or proposals for amendments, dependent on the nature of any request from the Commission.

Topic/Activity	PRIPs Level 3 work
<b>Description</b>	Work will continue on the development of Q&As to give competent authorities and market participant's further guidance on the implementation of the new PRIIPs rules.
<b>Expected output</b>	Q&As

Topic/Activity	Sustainability
<b>Description</b>	<p>On 24 May 2018, the European Commission published a proposal for a Regulation on disclosures relating to sustainable investments and sustainability risks. The proposal includes mandates for the Joint Committee to deliver:</p> <ul style="list-style-type: none"> <li>• 1 Regulatory Technical Standard on pre-contractual disclosures (mandatory)</li> <li>• 1 Regulatory Technical Standard on transparency on websites (mandatory)</li> <li>• 1 Regulatory Technical Standard on periodical reports (mandatory)</li> <li>• 1 Implementing Technical Standard on marketing communications (discretionary)</li> </ul>

	The ESAs will follow the development of the legislative process and, if the Regulation is approved by the European co-legislators, will develop the RTS listed above.
<b>Expected output</b>	Regulatory and Implementing Technical Standards on disclosure

<b>Topic/Activity</b>	<b>Follow up on Complaints Handling Guidelines</b>
<b>Description</b>	As a follow-up to the EBA/ESMA Guidelines for complaints handling for the securities and banking sectors and the EIOPA Guidelines for complaints handling for insurance undertakings, the three ESAs will assess the way financial institutions have implemented the Guidelines, with the overall aim to achieve a consistent standard of application across the EU.
<b>Expected outputs</b>	Joint Report

<b>Topic/Activity</b>	<b>Fintech/Digitalisation of financial services</b>
<b>Description</b>	The steadily growing phenomenon of Fintech/digitalisation of financial services creates new opportunities but also new risks for financial market participants, consumers, and the financial system as a whole. The ESAs will continue working on any Fintech related workstream started in 2018 and will continue monitoring the evolution of the market in the three sectors in order to identify at a later stage specific cross-sectoral relevant FinTech and digitalisation issues that need to be addressed. Through this work stream, the ESAs aim to contribute to the objectives of the European Commission's Fintech Action Plan for a more competitive and innovative European financial sector.
<b>Expected output</b>	Assessment of the Fintech phenomenon chosen; assessment of its benefits and risks; and, potentially, identification of any regulatory and/or supervisory measures which may need to be taken.

<b>Topic/Activity</b>	<b>Use of behavioral finance findings for supervisory purposes</b>
<b>Description</b>	<p>Firms in the financial sector are using insights from behavioral finance when dealing with clients and potential clients, especially when providing or collecting information.</p> <p>In light of the technological changes in the market, clients have access to more (complex) products, by more firms through different channels. While this is surely an opportunity, it also represents a risk for investors</p>

who could be miss-sold financial products by firms exploiting their behavioral biases.

Supervisory authorities may also consider these aspects when assessing risks to investors and the appropriate policy or supervisory responses.

The three ESAs will consider how behavioral finance findings can be used by NCAs and incorporated in their supervisory practices in order to strengthen financial consumer protection.

<b>Expected output</b>	Joint Report
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## Risk Assessment

- vi. Cross-sectoral risk analysis and assessment will continue to be one of the main areas of focus for the Joint Committee in 2019. The analysis will highlight the assessments by the ESAs of key trends and vulnerabilities to financial stability and continue to include appropriate cross-referencing in the sectoral risk reports. The Joint Committee's Risk Sub-Committee will continue to be an important forum for discussion of cross-sectoral risks.

Topic/Activity	Joint Risk and Vulnerabilities report
<b>Description</b>	The ESAs will continue analysing the key trends and vulnerabilities to financial stability and continue to include appropriate cross-referencing in the sectoral risk reports, which will be submitted to the Council's Economic and Financial Committee's Financial Stability Table for the spring and autumn meeting, and be published.
<b>Expected output</b>	Semi-annual Joint Report on Risks and Vulnerabilities to the EFC-FST meetings in Spring and Autumn

## Anti-Money Laundering

- vii. In the field of anti-money laundering and countering the financing of terrorism (AML/CFT), the Joint Committee will continue to provide an important forum for the identification of current and emerging risks and the exchange of information and good practices in relation to the AML/CFT supervision of credit and financial institutions. In addition to the Joint Committee's work on regulatory mandates and setting common standards, the focus in 2019 will be on the implementation of proposed actions to be set out in the EU AML Roadmap.

Topic/Activity	Joint Guidelines on Risk Factors
<b>Description</b>	The Joint Committee published its Guidelines on money laundering and terrorist financing risk factors in June 2017. However, due to recent legislative changes introduced by the 5th Anti-Money Laundering Directive, the Guidelines will need to be reviewed and updated.
<b>Expected output</b>	Updated Joint Guidelines on Risk Factors

Topic/Activity	Supervisory cooperation and information exchange
<b>Description</b>	In order to enhance the collaboration and cooperation of national competent authorities in relation to the AML/CFT supervision of banks and other financial institutions that operate on a cross-border basis, the Joint Committee will consider measures that can facilitate these aims.
<b>Expected output</b>	Own-initiative Guidelines

Topic/Activity	Review of Guidelines and Technical Standards
<b>Description</b>	Potentially more work could be generated for the AMLC as a result of reviews carried out by the EBA, in conjunctions with national experts, where it will be assessing the effectiveness of the member states' AML/CFT supervisory framework for the banking sector. If these reviews were to identify significant shortcomings in the supervisory practices, the AMLC will need to evaluate whether some of the existing Guidelines require enhancements or whether there is a need for additional Guidelines on the topic.
<b>Expected output</b>	Where deemed necessary, the Joint Committee will review existing guidelines or technical standards to ensure their ongoing alignment with changing legal standards.

Topic/Activity	EU AML Roadmap Actions
<b>Description</b>	The Joint Working Group on AML Supervision, which includes the European, the ESAs, the ECB and chair of the AMLC, developed on Reflection Paper identifying possible solutions on how to improve the framework for cooperation between AML/CFT and prudential supervision and how to improve AML supervisory practices within the EU. The Paper sets out a number of proposed actions for the ESAs, and once agreed the Joint Committee will work to implement these actions.

<b>Expected output</b>	Enhanced framework for cooperation between AML/CTF and prudential supervisors and improved supervision of AML/CFT
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## Financial Conglomerates

- viii. The Joint Committee stands ready to bring forward the effective supplementary supervision of financial conglomerates and to discuss appropriate regulatory and supervisory actions.

Topic/Activity	Annual list of financial conglomerates
<b>Description</b>	The ESAs will continue to review and update its list of identified financial conglomerates.
<b>Expected output</b>	2019 list of identified Financial Conglomerates

Topic/Activity	Specific reporting formats for conglomerates
<b>Description</b>	The ESAs will continue develop technical standards on specific reporting formats (e.g. for intra-group transactions, risk concentration and capital adequacy).
<b>Expected output</b>	Draft ITS/ RTS

## Securitisation

- ix. The Joint Committee will work on new mandates under the Securitisation Regulation, which amend the European Markets Infrastructure Regulation (EMIR).

Topic/Activity	STS Securitisation
<b>Description</b>	<p>In order to prevent divergent approaches in the implementation of the STS criteria, the ESAs will continue in 2019 to coordinate their work and that of the competent authorities to ensure cross-sectoral consistency and assess practical issues, which could arise with regard to STS securitisations.</p> <p>This work will be carried out in the framework of the Joint Committee, through a new Securitisation Committee that is required to be established under Article 36(3) of the Securitisation Regulation. The outcome of those discussions, which should take into account the views of market participants, should be made public on the websites of the</p>

	ESAs to help originators, sponsors, SSPEs and investors assess STS securitisations before issuing or investing in such positions.
<b>Expected output</b>	<ul style="list-style-type: none"> <li>• Opinions;</li> <li>• Joint positions;</li> <li>• Q&amp;As;</li> <li>• Report to the Commission;</li> <li>• Response to a call for advice from the Commission;</li> <li>• Develop and coordinate a training programme</li> </ul>

## Other work

Topic/Activity	Other expected work 2019
<b>Corporate Reporting</b>	<p><u>Single rulebook</u>: Discussion and coordination of input to the European endorsement process on the accounting standard IFRS 17 Insurance Contracts.</p> <p><u>Supervisory convergence</u>: Coordination of activities to address implementation issues relating to IFRS 9 Financial Instruments.</p>
<b>Performance of retail investment products</b>	The ESAs will continue to discuss progress on the work regarding regular analysis of the fees and long-term performance of retail investment products in their respective areas at Joint Committee level, and align wherever possible on issues.
<b>Joint Consumer Protection Day 2019</b>	In 2019, the ESAs will organise the 7th Joint Consumer Protection Day. Since its inception, the Consumer Protection Day has become an important milestone for stakeholders across the EU that take an interest in the topic of consumer protection.
<b>ESAs Review Proposals</b>	Discussions on ongoing developments regarding the proposals to enhance the operation of the ESAs and coordination on cross-ESA relevant aspects.
<b>Brexit</b>	Discussion and coordination of any individual and cross-sectoral work in preparation for, and after, the UK withdrawing from the EU.
<b>IT (including cloud computing) and Information Security</b>	Discussion and coordination, as appropriate, on any individual and cross-ESA relevant aspects in the area of information security and information technology, including cloud computing, to ensure harmonisation and consistency.