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JC 2015 055

2016 Work Programme of the Joint Committee of the European Supervisory Authorities

1. In 2016, the Joint Committee of the European Supervisory Authorities¹ will continue to give a high priority to consumer protection – in particular the work on Packaged Retail and Insurance-based Investment Products (PRIIPs), and cross-sectoral risk analysis. Moreover, it will proceed with the joint regulatory work already underway in areas such as anti-money laundering, financial conglomerates and securitisation while being prepared to address any new developments in the European regulatory field if necessary.

Consumer Protection and Financial Innovation

2. In 2016, the ESAs will continue to ensure through the Joint Committee that consumer protection and financial innovation will be a key element of their regulatory and supervisory activities. In particular, the work on PRIIPs is expected to continue to be an important and challenging task for the ESAs. In addition, the ESAs will continue to monitor potential risks and benefits arising for consumers from particular market developments and innovations including automation in financial advice. The ESAs will react with joint warnings if appropriate. A fourth joint Consumer Protection Day will be organised in Paris in 2016.
3. The work on consumer protection and financial innovation will focus on the following:
 - a. Developing draft Regulatory Technical Standards (RTS) in the area of disclosures for PRIIPs. The legal text foresees three RTS:
 - on the content and presentation of the Key Information Document (KID);

¹ The European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) collectively known as the European Supervisory Authorities (ESAs).

- on the revision and review of the KID; and
- on timing of the delivery of the KID.

The ESAs are also mandated to provide technical input on the calculation of information about risk and reward profiles and costs. The publication of the final draft RTS is expected in the first half of 2016. Following the publication further work will be carried out to support implementation of the new PRIIPs legislation.

- Continuing its assessment of automation in financial advice: This initiative was launched in 2015 and assesses the phenomenon of human interaction between consumers and financial institutions being increasingly replaced by algorithms that provide advice or other forms of recommendations. The work analyses the benefits and risks and assesses, which, if any, regulatory and/or supervisory measures need to be taken. Based on the outcome of this analysis, including the responses to the joint Discussion Paper to be launched in the Autumn 2015, the Joint Committee, will develop in 2016 policy recommendations, where appropriate.
- Focusing on supervisory convergence in the area of investor protection and financial innovation: This will include some follow-up activities in relation to the implementation by financial institutions of the Complaints-Handling Guidelines that the three ESAs issued in their respective sectors in previous years, with an overall aim to achieve a consistent standard of application across the EU.
- A new area of the financial innovation work will focus on the opportunities and challenges related to the use of “big data”, as well as personal data, by financial institutions to profile consumers, identify patterns of consumption and make targeted offers, which raises questions about firms expected behaviours in order to comply with their overarching obligations. The topic aims to analyse the adequacy of sectoral regulatory frameworks and identify any regulatory and/or supervisory measures which may need to be taken.

Risk Assessment

- Cross-sectoral risk analysis and assessment will continue to be one of the main areas of focus for the Joint Committee in 2016. The ESAs will continue to produce in 2016, a Report on Risks and Vulnerabilities to the Council’s Economic and Financial Committee’s Financial Stability Table, in spring and in autumn, as part of their joint bi-annual reporting on micro-prudential analysis of cross-sectoral developments. The analyses 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.

5. The ESAs will continue to develop suitable indicators for cross-sectoral financial risks, and to enhance their analytical approaches. In particular, the ESAs will improve their cooperation on evaluating financial market developments of mutual concern, including their contributions to the European System Risk Board.

Regulatory work

6. Securitisation: Following the publication of its report on gaps and inconsistencies in the existing Level 1 and Level 2 requirements on due diligence, disclosure and reporting for structured finance instruments (SFI) the ESAs will continue to monitor overall developments regarding the securitisation market in the EU.
7. Anti-Money Laundering (AML): The ESAs will continue their work to fulfil their mandates under the 4th AML Directive and AML Regulation. This will include:
 - Guidelines on money laundering and terrorist financing risk factors and the application of enhanced and simplified customer due diligence;
 - Guidelines on risk-based AML supervision;
 - Guidelines on the information on the payer or the payee accompanying a wire transfer;
 - Draft RTS on central contact points for payment services providers and issuers of electronic money;
 - Draft RTS on the measures the firms should take where a third country's legislation prohibits the application of equivalent AML/CFT standards; and
 - A Joint Opinion on the money laundering/terrorist financing risks affecting the EU financial sector.
8. Financial Conglomerates: The ESAs will work on Guidelines on supplementary supervision of mixed financial holding companies under the Financial Conglomerates Directive. Further, the ESAs will continue to update the list of identified Financial Conglomerates and publish it on their websites. The ESAs stand ready to assist the Commission with its possible review of the Financial Conglomerates Directive.
9. Finally, the Joint Assessment Team of the Joint Committee will continue to assess the compliance of the different initial margin models to the requirements of the draft joint RTS on EMIR and the BCBS-IOSCO framework, and to give some clarification on the supervisory expectations on the models to the developers.

Cooperation with EEA EFTA states

10. The ESAs will jointly and pro-actively cooperate with the European Commission and EEA EFTA countries in finalising an appropriate solution allowing for implementation of the ESAs Regulations as well as financial sectoral legislation in EEA EFTA states.

Common Processes and Procedures

11. The ESAs will cooperate closely to ensure cross-sectoral consistency in line with their institutional role as well as coherent procedures within their governance. In addition, the ESAs will continue to explore synergies in their activities, i.e. launch joint procurements. Furthermore, the ESAs will continue to cooperate on financial reporting issues relevant to the banking, insurance and securities sectors.
12. They will also continue to provide operational and secretarial support to the ESAs' Board of Appeal.
13. It should be noted that the ESAs remain working under constrained resources. Therefore, the delivery of some of the aforementioned deliverables might be delayed or limited, depending on the receipt of adequate budget and staff resources.