

# 2018 Work Programme of the Joint Committee of the European Supervisory Authorities

- i. The Joint Committee is the forum with the objective of strengthening cooperation between 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 three European Supervisory Authorities (ESAs). 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 in the scope of their respective responsibilities and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products, supervision of financial conglomerates, accounting and auditing, and measures combating money laundering. The ESAs, within the Joint Committee, jointly explore and monitor potential emerging risks for financial markets participants and the financial system as a whole.
- iii. In 2018, the Joint Committee will continue to focus its work on consumer protection issues such as supporting the implementation of the new PRIIPs rules, analysing the adequacy of cross-border supervision of financial services, and Fintech developments. With amendments being made to the fourth Anti-Money Laundering Directive, the Joint Committee will further its 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. The Joint Committee will also assess the necessity to develop 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 Brexit, Commission proposals to enhance the operation of the ESAs, work under the revised Securitisation Regulation, which amends EMIR, 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 2018.

<b>Topic/Activity</b>	<b>PRIPs Regulation review</b>
<b>Description</b>	A review of the Regulation is required by 31 December 2018. The ESAs are required to provide information to the Commission to support this review, for example on the operation of the comprehension alert.
<b>Expected Output</b>	Dependent on the nature of any request from the Commission, but expect to deliver data or technical advice.

<b>Topic/Activity</b>	<b>PRIPs Level 3 work</b>
<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 PRIPs rules.
<b>Expected Output</b>	Q&As

<b>Topic/Activity</b>	<b>Cross-Border Supervision of Financial Services</b>
<b>Description</b>	The Subgroup on Cross-Border Supervision of Financial Services will continue to work on: <ul style="list-style-type: none"><li>i. Identifying the issues and challenges experienced by CAs in the supervision of the cross-border provision of financial services that may negatively impact customer protection and/or the proper function of the single market for consumers; and</li><li>ii. Enhancing the cooperation between home and host CAs in the supervision of firms providing cross-border retail financial services.</li></ul>
<b>Expected Output</b>	Depending on the analysis and conclusions of the Sub-Group, output may include convergence measures or recommendations for competent authorities to help foster cooperation and exchange of information, or a Joint Opinion to EU legislators.

<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 Output</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 consumers. The ESAs will continue to monitor the evolution of the market in the three sectors and, in 2018, and identify at a later stage specific cross-sectoral relevant FinTech and digitalization issues that need addressing. This could, for example, include smart contracts and/or cybersecurity with a consumer focus.
<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.

## 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 2018. 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 Subcommittee will continue to be an important forum for discussion of cross-sectoral risks.

<b>Topic/Activity</b>	<b>Cross-sectoral risk analysis</b>
<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 published.
<b>Expected Output</b>	Semi-annual Joint Report on Risks and Vulnerabilities.

## 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 new and emerging risks and the exchange of information and good practices in relation to the AML/CFT supervision of credit and financial institutions, and on how NCAs could coordinate their practices related to inspections and investigations. In 2018, the Joint Committee will continue its work on regulatory mandates and setting common standards where this is necessary to ensure a consistent and effective European AML/CFT regime.

<b>Topic/Activity</b>	<b>Joint Opinion on ML/TF risks</b>
<b>Description</b>	The 4 <sup>th</sup> Anti-Money Laundering Directive requires the ESAs to issue a joint opinion on the risks of money laundering and terrorist financing affecting the Union's financial sector every 2 years.
<b>Expected Output</b>	Joint Opinion – December 2018.

<b>Topic/Activity</b>	<b>Risk Factors Guidelines</b>
<b>Description</b>	The Joint Committee published its Guidelines on money laundering and terrorist financing risk factors in June 2017. However, due to upcoming changes currently being introduced to the 4 <sup>th</sup> Anti-Money Laundering Directive, the Guidelines will need to be reviewed and updated.
<b>Expected Output</b>	Updated Risk Factors Guidelines.

<b>Topic/Activity</b>	<b>Supervisory cooperation</b>
<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 or cooperation agreements.

<b>Topic/Activity</b>	<b>Review of Guidelines and Technical Standards</b>
<b>Description</b>	Where deemed necessary, the Joint Committee will review existing guidelines or technical standards to ensure their ongoing alignment with changing legal standards

## 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.

<b>Topic/Activity</b>	<b>Annual list of financial conglomerates and specific reporting formats for conglomerates</b>
<b>Description</b>	The ESAs will continue to review and update its list of identified financial conglomerates, and assess the need for specific reporting formats.
<b>Expected Output</b>	2018 List of identified financial conglomerates and reporting formats.

## Securitisation

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

<b>Topic/Activity</b>	<b>Draft RTS on the criteria about the mitigation of counterparty credit risk in relation to covered bonds and securitisation and with respect to the clearing obligation</b>
<b>Description</b>	In relation to the clearing obligation, the ESAs are mandated to develop draft RTS specifying the criteria for establishing which arrangements under covered bonds or securitisations adequately mitigate counterparty credit risk
<b>Expected Output</b>	Draft RTS

<b>Topic/Activity</b>	<b>Draft RTS on risk management techniques for OTC derivatives not cleared in relation to covered bonds and securitisation</b>
<b>Description</b>	With regards to covered bonds and securitisation, and in relation to the risk mitigation techniques for OTC derivatives not cleared by a CCP, the ESAs are mandated to develop draft RTS specifying risk management procedures, procedures for counterparties and NCAs applying exemptions, and criteria to be considered as a practical or legal impediment to the prompt transfer of own funds and repayment of liabilities between counterparties.
<b>Expected Output</b>	Draft RTS

## Other work

<b>Topic/Activity</b>	<b>Expected work 2018</b>
<b>Corporate Reporting</b>	<p><u>Single rulebook</u>: Discussion and coordination of input to the European endorsement process on the newly issued 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, which are firstly applied and have a material impact on financial conglomerates.</p>
<b>Performance of retail investment products</b>	Based on the mandate from the European Commission, the ESAs will continue to discuss progress on the work regarding fees and the long-term performance of retail investment products at Joint Committee level.
<b>Joint Consumer Protection Day 2018</b>	In 2018, the ESAs will organise the 6th Joint Consumer Protection Day. Since its inception, the Consumer Protection Day has become an important milestone for stakeholders across the EU that have an interest in the topic of consumer protection.

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<b>Proposals to enhance the operation of the ESAs</b>	Discussion and coordination on cross-ESA relevant proposals stemming from the European Commission's legislative proposals on enhancing the operation of the ESAs.
<b>Brexit</b>	Discussion and coordination of any individual and cross-sectoral work in preparation for the UK leaving the EU will continue at Joint Committee level.

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