
30 September 2016
JC 2016 42

2017 Work Programme of the Joint Committee of the European Supervisory Authorities

1. 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).
2. The ESAs will 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.
3. In 2017 the ESAs particularly aim at assessing more closely both cross-sectoral opportunities and threats induced by the increasing digitalisation of finance and financial technology, commonly known as fintech. The ESAs strive to expand their work by taking a forward-looking perspective.
4. Beyond that, regulatory work in the field of securitisation and other legislative products will be addressed if necessary. Other regulatory and non-regulatory work is outlined below. All work strands of the Joint Committee will be subsequently followed by a Joint Committee Dashboard.
5. 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.

6. They will also continue to provide operational and secretarial support to the ESAs' Board of Appeal.
7. In light of the cooperation agreement between the European Commission and EEA EFTA countries, the ESAs will jointly and pro-actively work together to ensure the implementation of the ESAs Regulation as well as financial sectoral legislation.
8. In view of a European Commission White Paper addressing future funding and governance issues of the ESAs, the Joint Committee stands ready to provide further input and guidance.
9. It should be noted that the ESAs continue working under constrained resources. Therefore, the delivery of some of the aforementioned deliverables might be delayed or limited, depending on the allocation of adequate budget and staff resources.
10. During 2017, the Joint Committee will continue its joint regulatory work and oversight in the following areas:
 - a. **Consumer Protection**
 - b. **Risk Assessment**
 - c. **Anti-Money Laundering**
 - d. **Financial Conglomerates**

Consumer Protection and Financial Innovation

11. The Joint Committee enhances confidence and strengthens the protection of European consumers in relation to banking, insurance and securities products.

Topic/Activity		PRIIPS Level 3 work
Description	Following the publication of the draft regulatory technical standards that the ESAs were mandated to develop, further work will be done to give competent authorities and market participants further guidance on the implementation of the new PRIIPs rules.	
Expected outputs	The expected supporting material will come in the Q&As format elaborated by Expert Networks.	
Topic/Activity		Automation in Financial Advice
Description	This initiative was launched in 2015 and assessed the phenomenon of human interaction between consumers and financial institutions being increasingly replaced by algorithms that provide advice or other forms of recommendations, analysing benefits and risks for consumers and firms.	
Expected outputs	A Discussion Paper was published in late 2015, the responses are being assessed in 2016, and the work will be concluded later that year or at the	

beginning of 2017, with continued market monitoring activities by the three ESAs thereafter. In 2017 the ESAs will keep monitoring the phenomenon and any evolutions of the market on this topic.

Topic/Activity **Follow-up work on the JC Guidelines on complaints handling**

Description The establishment of a single rulebook is a necessary but in itself not sufficient activity to work towards the ESA objectives. Supervision and hence supervisory convergence is an equally important activity, as it ensures that consumer protection is achieved in practice.

Expected outputs As a follow-up, 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.

Topic/Activity **Joint ESAs Consumer Day**

Description In 2017 the ESAs will organise the fifth Joint ESA 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.

Expected outputs 2017 Consumer Protection Day: Date and place tbd.

Topic/Activity **Big data**

Description The use of personal data by financial institutions to profile consumers, identify patterns of consumption and make targeted offers to them raises questions about expected behaviours by firms in order to comply with their overarching obligations.

Expected outputs The ESAs will continue the assessment of 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 sectoral regulatory frameworks and identify any regulatory and/or supervisory measures which may need to be taken.

Topic/Activity **Cross-border supervision of financial services**

Description Following the financial crisis of 2008, the European co-legislators have adopted a number of measures which inter alia, aim at facilitating the cross-border provision of financial services (e.g. MCD, IDD or MiFID II) and/or the cross-border marketing of financial products (e.g. UCITS, Prospectus). While cross-border provision of services is good for the consumers as it increases choice and competition, it poses challenges to supervisors and creates potential risks for consumer detriment.

Expected outputs	The proposed topic would aim at preparing a general mapping of the rules for the different financial firms operating in three sectors (banking, securities and insurance) and analysing any issues experienced by supervisors (home/host supervision).
-------------------------	--

Risk Assessment

12. Cross-sectoral risk analysis and assessment will continue to be one of the main areas of focus for the Joint Committee in 2017. 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.

13. 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.

Topic/Activity	Cross-sectoral risk analysis
Description	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. If possible, further analysis should be gathered on the digitalisation of finance and on financial technology from this perspective.
Expected outputs	Joint Report on Risks and Vulnerabilities to the Council's Economic and Financial Committee's Financial Stability Table for the spring and autumn meeting. Ad hoc teleconferences on evaluating immediate implications of financial market events- and developments of mutual concern, including sharing of relevant information.

Anti-Money Laundering

14. In the field of anti-money laundering the Joint Committee will carry forward its regulatory mandates and further discuss supervisory actions following the publication of the Panama Papers.

Topic/Activity	Anti-money laundering
Description	The ESAs will continue their work to fulfil their mandates under the 4th AML Directive and AML Regulation and will carry on their work on fostering the cooperation of competent authorities in relation to the AML/CFT supervision of credit and financial institutions that operate on a cross-border basis.

Expected outputs	<p>In 2017, the JC will publish the guidelines under Article 25 of the AMLR, the draft RTS on Central Contact Points under Article 45(10) of the AMLD and the draft RTS on the measures firms should take to mitigate the risk of ML/TF associated with the operation of branches and majority-owned subsidiaries in third countries that prohibit the application of equivalent AML/CFT standards. These are the Guidelines on Funds Transfer Regulations.</p> <p>The ESAs expects to deliver the RTS on mitigating risk of third countries' prohibiting the application of equivalent AML/CFT standards.</p> <p>The ESAs will organise workshops and training for competent authorities to further embed the risk-based approach to AML/CFT</p> <p>The ESAs will continue to take action to respond to AML/CFT issues as they arise, specifically in response to emerging findings from the 'Panama Papers' scandal and the forthcoming revision of the AMLD. In 2017, this will include amendments to existing guidelines to take account of new legal and regulatory developments, exploratory work on data protection and AML/CFT, workshops and new guidelines on, among others, virtual currency exchange platforms.</p>
-------------------------	---

Financial Conglomerates

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

Topic/Activity	Financial Conglomerates Directive under REFIT
Description	The Financial Conglomerates Directive has been subject to an evaluation process under the European Commission's Regulatory Fitness and Performance (REFIT) programme.
Expected outputs	After the closure of the evaluation of the Financial Conglomerates Directive beginning 2017, the ESAs stands ready to assist the European Commission to provide further advice following the outcome of the public consultation.

Topic/Activity	List of identified Financial Conglomerates
Description	As part of the yearly deliverables, the ESAs will update on a continuous basis the list of identified Financial Conglomerates.
Expected outputs	The ESAs will continue to update in 2017 the list of identified Financial Conglomerates and publish it on their websites in accordance with Article 4 (3) of Directive 2002/87/EC.

Other regulatory work

Topic/Activity	Securitisation
Description	The ESAs will continue to monitor overall developments regarding the securitisation market in the EU.
Expected outputs	The ESAs stand ready to further work jointly on securitisation.