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# 2023 Work Programme of the Joint Committee of the European Supervisory Authorities

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1. Through the Joint Committee of the European Supervisory Authorities (the ESAs), 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), closely and regularly liaise to strengthen cooperation. The European Commission and the European Systemic Risk Board (ESRB) also participate in the Joint Committee.
2. To foster cross-sectoral consistency, as well as supervisory convergence, the ESAs coordinate closely in line with their institutional role. The three ESAs regularly coordinate through the Joint Committee their activities within the scope of their respective responsibilities to ensure consistency in their practices. They further exchange information and best practices among themselves and with the ESRB.
3. In the context of the COVID-19 pandemic, the Russian invasion of Ukraine and further geopolitical developments, with their economic implication and the enduring challenges for market participants and consumers, the Joint Committee will continue to closely monitor and assess emerging key cross-sectoral risks and vulnerabilities for financial stability. The Joint Committee will publish its bi-annual cross-sectoral Risk Reports, which will be submitted and presented to the Financial Stability Table of the Economic and Financial Committee (EFC-FST) in spring and autumn 2023. The Reports will also be submitted to the ESRB.
4. The Joint Committee work will continue to focus on the areas of consumer and investor protection, retail financial services, retail investment products and prudential analysis of cross-sectoral developments. It will also focus on risks and vulnerabilities for financial stability, digital operational resilience, financial conglomerates and prudential consolidation, as well as accounting and auditing.
5. In the areas of the Green Deal and the Renewed Sustainable Finance strategy, the Joint Committee has developed a number of draft technical standards under the Sustainable Finance Disclosure Regulation (SFDR). Work in this area will continue to focus on mandates related to the introduction of targeted revisions and extensions of these technical standards and on Q&As. The Joint Committee will also carry out activities on climate risk stress testing, including running a one-off

system wide climate risk stress test and developing Guidelines for supervisors on ESG stress testing. Furthermore, the ESAs will continue to coordinate and exchange on disclosure standards for non-financial information in the context of the Non-Financial Reporting Directive (NFRD), and of its successor Corporate Sustainability Reporting Directive (CSRD), once in force.

6. The Joint Committee will increase its efforts in the area of the European Commission's Digital Finance Package, focusing on delivering on mandates in the Digital Operational Resilience (DORA) regulation. To this end, a new JC Sub-Committee on digital operational resilience (JC SC DOR) is being set up to deliver on joint ESAs policy mandates.
7. Through the European Forum for Innovation Facilitators (EFIF), the Joint Committee will further promote coordination and cooperation among national innovation facilitators to foster the scaling up of innovation in the financial sector across the EU in line with the European Commission's Digital Finance Strategy.
8. The Joint Committee will also address other cross-sectoral matters such as the cross-sectoral mandates and questions (Q&As) related to PRIIPs, SFDR, and the Securitisation Regulation.
9. Furthermore, through the Joint Committee, the ESAs will continue to fulfil their mandate on the mapping and monitoring of external credit assessment institutions (ECAIs) under the Capital Requirements Regulation and Solvency II.
10. In the area of Financial Conglomerates, the Joint Committee will publish the annual list of financial conglomerates and work on specific conglomerate's reporting templates.
11. Finally, with the United Kingdom's withdrawal from the EU, the Single Market and the Customs Union, the UK became a third country with broad consequences for financial institutions and customers. The Joint Committee will continue to monitor the impact of that decision and serve as a forum to discuss and coordinate any cross-sectoral issue impacting investor protection, EU market integrity and financial stability.

## Consumer Protection and Financial Innovation

12. 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 2023.

Topic/Activity	PRIIPs work on review of the Regulation
<b>Description</b>	In response to the European Commission's Call for Advice of 27 July 2021, the ESAs have provided information and analysis to support the review of PRIIPs in accordance with Article 33 of the PRIIPs Regulation. The ESAs stand ready to provide any additional input that the Commission would request in order to prepare for a review of the PRIIPs Regulation.
<b>Expected output</b>	Potential follow-up to the technical advice

Topic/Activity	PRIIP Level 3 work
<b>Description</b>	<p>Work will continue to develop Q&amp;As and other level 3 tools to promote supervisory convergence and give competent authorities and market participants further guidance on the practical application of the PRIIPs rules, in particular in the context of the revised PRIIPs Delegated Act, and the inclusion of UCITS in the scope of the PRIIPs Regulation from the 1<sup>st</sup> of January 2023.</p> <p>The ESAs will also prepare an Annual Report based on the information submitted by national competent authorities on administrative sanctions or measures imposed.</p>
<b>Expected output</b>	<p>Q&amp;As and other Level 3 tools</p> <p>Annual report</p>

Topic/Activity	Financial education with a focus on the impact of interest rates on consumers and sustainable finance
<b>Description</b>	<p>The work will contribute to the three ESAs fulfilling their respective mandates to review and coordinate financial education and literacy initiatives of national authorities. After a prolonged period of low interest rates, investors are likely to see a gradual but steady rise of interest rates across the EU.</p> <p>The work will assess the impact of inflation and interest rates on consumers in the three financial sectors in general. Based on those findings, the work could result in an JC Opinion addressed to national competent authorities on how to raise awareness and educate consumers and/or more direct-to-consumers educational campaigns, developed with and translated for those authorities.</p> <p>The work will also seek to incorporate environmental, social and governance (ESG) dimensions in the promotion of financial education.</p>
<b>Expected output</b>	Report, Opinion or other output addressed more directly at consumers.

Topic/Activity	Use of behavioral finance findings for supervisory purposes
<b>Description</b>	<p>In light of potential consumer protection concerns and benefits, the ESAs will assess the use of insights from behavioural finance when dealing with existing and potential clients, especially when providing or collecting information. The ESAs will further consider how behavioural finance findings can be used by national competent authorities and incorporated in their supervisory practices in order to strengthen financial consumer protection.</p> <p>This work may cover relevant common ESAs work stemming from the Commission's Retail Investment Strategy, given the mandate under the ESAs regulations to develop common disclosure standards.</p>

<b>Expected outputs</b>	Joint Report
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## Sustainable Finance

<b>Topic/Activity</b>	<b>Sustainability-related disclosures in the financial services sector (SFDR)</b>
<b>Description</b>	<p>In accordance with the Commission's Renewed Sustainable Finance Strategy, the ESAs were requested by the European Commission in its letter from April 2022 to review by April 2023 the Regulatory Technical Standards laid down in the SFDR Delegated Regulation, with regards to the sustainability indicators in relation to adverse impacts as referred to in Article 4(6) and (7) SFDR, (i) streamline and develop further the regulatory framework; (ii) consider extending the lists of universal indicators for principal adverse impacts, as well as other indicators; and (iii) refine the content of all the indicators for adverse impacts and their respective definitions, applicable methodologies, metrics and presentation.</p> <p>The letter also invites the ESAs to jointly propose amendments to the RTS laid down in the SFDR Delegated Regulation in relation to the information provided in relation to financial products in pre-contractual documents, on websites, and in periodic reports on decarbonisation targets, including intermediary targets and milestones, where relevant, and actions pursued. The ESAs should also consider whether the provisions in the RTS regarding financial products referred to in Article 5 and 6 of the Taxonomy Regulation sufficiently address the disclosure and information on environmentally sustainable economic activities. The ESAs are invited to jointly submit the draft RTS amending the RTS laid down in the SFDR Delegated Regulation by 28 April 2023.</p> <p>The SFDR gives an optional mandate to the ESAs to work on one optional Implementing Technical Standard (ITS) on marketing communications. The ESAs will monitor the application of the SFDR to determine whether that optional ITS is required.</p> <p>Finally, the ESAs will monitor the practical application of the SFDR to determine if Q&amp;As or other level 3 tools to promote supervisory convergence are needed to give competent authorities and market participants further guidance on the practical application of the SFDR rules.</p>
<b>Expected output</b>	<p>Revised Technical Standards</p> <p>Q&amp;As and other Level 3 tools</p>

Topic/Activity	Sustainability-related disclosures in the financial services sector (SFDR) report on adverse impact disclosures
<b>Description</b>	<p>The ESAs are required under Article 18 SFDR to deliver a report annually to the Commission on 10 September on the best practices with regard to entity and product-level disclosure of the principal adverse impacts of investments on sustainability factors and to make recommendations towards voluntary reporting standards. The report must consider implications of due diligence practices on disclosures under SFDR and must provide guidance on the issue.</p> <p>Delivery of this report by the envisaged deadline may be affected by the delay in the application of the Level 2 legislation underpinning SFDR.</p> <p>The report in 2023 will be the second such annual report, building on the findings of the first report submitted in 2022.</p>
<b>Expected output</b>	Report

Topic/Activity	One-off system wide climate risk stress test and ESG stress testing
<b>Description</b>	<p>As specified in the European Commission's Renewed Sustainable Finance Strategy, the Commission will mandate the ESAs, and ask the ECB, to conduct a coordinated EU-level climate change stress test across the financial sector to assess the resilience of the financial sector in line with the Fit-for-55 package.</p> <p>In addition, the amended Art. 100 of the draft CRD6 foresees that the ESAs shall, through the Joint Committee, develop Guidelines for supervisors for incorporating ESG risk into stress testing, starting from climate related factors.</p>
<b>Expected output</b>	<p>A joint system wide climate risk stress test exercise</p> <p>Guidelines on incorporating ESG risks into stress testing</p>

## Risk Assessment

- Cross-sectoral risk analysis will remain a priority area for the Joint Committee in 2023. It 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	Cross-sectoral risk analysis
<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 presented to the Council's Economic and Financial Committee meeting and subsequently published.

<b>Expected outputs</b>	Bi-annual Joint Report on Risks and Vulnerabilities
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## Securitisation

14. The Joint Committee Securitisation Committee (JCSC) will work on providing a consistent approach and common understanding to cross-sectoral questions stemming from the Securitisation Regulation.
15. The ESAs, through the Joint Committee, will also work on practical and operational cross-sectoral issues in relation to the supervision and enforcement of the Securitisation Regulation to ensure a consistent supervisory approach. The JCSC will assess concrete cases and if necessary, develop good practices and/or supervisory briefings.
16. The JCSC will stand ready to contribute to possible legislative proposals on revision of the Securitisation Regulation.

Topic/Activity	Level 3 work related to the Securitisation Regulation
<b>Description</b>	The ESAs will work on developing Q&As and other level 3 tools to promote supervisory convergence and to give competent authorities and stakeholders' further guidance on the implementation of cross-sectoral areas of the Securitisation Regulation.
<b>Expected outputs</b>	Joint Q&As and other level 3 tools

## Digital Operational Resilience

17. The Joint Committee agreed to establish a new JC Sub-Committee on Digital Operational Resilience (JC SC DOR) tasked with developing the policy mandates envisaged by DORA and coordinating the ESAs' follow up actions to the ESRB recommendation on an EU systemic cyber incident coordination framework.

Topic/Activity	Work on digital operational resilience
<b>Description</b>	Subject to the finalisation of the legislative proposal on digital operational resilience, the ESAs will develop regulatory products in this area based on the mandate to be received from the co-legislators. Though the timing remains to be clearly defined in the final text of the regulation, work is set to include technical standards on ICT risk management framework and guidelines on the methodology for calculating costs, and quantifying losses for response and recovery. Additionally, the JC is expected to deliver, amongst others, standards and reports on reporting of ICT-related incidents.
<b>Expected outputs</b>	Technical standards and level 3 tools  Reports

## External Credit Assessment Institutions

18. The ESAs will continue to pursue regulatory work on External Credit Assessment Institutions (ECAIs), following the mandate to the Joint Committee under article 136 of Capital Requirements Regulation (CRR) to specify and monitor the correspondence between the relevant credit assessments issued by an ECAI to the Credit Quality Steps set out in the CRR ("mapping"). The mappings under article 109a(1) of Solvency II will be amended accordingly to ensure a consistent usage of ECAIs' credit assessments under the banking and insurance regulatory framework.

Topic/Activity	External Credit Assessment Institutions
<b>Description</b>	Production of mappings for newly registered ECAIs and monitoring of existing mappings.
<b>Expected outputs</b>	Draft implementing technical standards

## Financial Conglomerates

19. The ESAs stand 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 and specific reporting formats
<b>Description</b>	The ESAs will continue to review and update their list of identified financial conglomerates.
<b>Expected outputs</b>	2023 list of identified financial conglomerates

Topic/Activity	Conglomerates Reporting
<b>Description</b>	The ESAs will continue to develop technical standards for financial conglomerates' reporting templates. The Directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (FICOD) requires the ESAs to develop reporting templates and ensure uniform conditions of application of the supervisory overview by the coordinator of the financial conglomerate.
<b>Expected outputs</b>	Draft implementing technical standards

## European Forum for Innovation Facilitators (EFIF)

20. Under the framework of the Joint Committee, the ESAs will continue to work to strengthen communication and coordination between national innovation facilitators via the European Forum for Innovation Facilitators (EFIF). The EFIF activities for 2023 are outlined in its Annual work programme.

Topic/Activity	Work on EFIF
<b>Description</b>	Promote coordination and cooperation among national innovation facilitators to foster the scaling up of innovation in the EU financial sector and to promote a common response to new technologies. EFIF will also monitor and identify innovative technologies and use cases in the EU financial sector.
<b>Expected outputs</b>	<ul style="list-style-type: none"> <li>• Updated joint ESA report on regulatory sandboxes and innovation hubs;</li> <li>• A cross-sectoral mapping of innovative distribution of financial services by Mixed-Activity Groups (MAGs);</li> <li>• Updated list of thematic areas of focus;</li> <li>• Updated mapping of financial innovations.</li> </ul>

## Other work

Topic/Activity	Expected work 2023
<b>Joint Consumer Protection Day</b>	In 2023, the ESAs will organise the 10 <sup>th</sup> 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.
<b>Performance of retail investment products</b>	The Joint Committee will continue to discuss progress on the work regarding fees and the long-term performance of retail investment products.
<b>Exchange of information on fit and proper assessments</b>	The ESAs Fit and Proper Information Exchange System Coordination Group (or ESAs FPS Coordination Group) on the joint system for the sectoral and cross-sectoral exchange of information on the fit and proper assessments will continue working based on the two-pronged approach: (1) developing joint guidelines and other policy work facilitating the use of IT solution, and (2) an IT solution for the information exchange (consisting of a cross-sectoral common searchable database and CAs contacts list). It is expected to deliver both the joint guidelines and the IT solution by the end of 2023.
<b>UK withdrawal from the EU</b>	Following the withdrawal of the UK from the EU, there is a continued need for regular monitoring of the impact, in particular with UK firms losing access to the single market. Furthermore, the Joint Committee will continue to monitor any potential issues related to investor protection, EU market integrity and financial stability.