

Statement by Steven Maijor, Chair of the ESAs Joint Committee

Economic & Monetary Affairs Committee European Parliament

Dear Chair, dear Members of the Parliament, ladies and gentlemen,

In 2015 ESMA has been leading the work of the Joint Committee of the European Supervisory Authorities (ESAs) and in my capacity as Chair of the Joint Committee, I would like to outline our main activities of the last twelve months.

The Joint Committee has continued to serve as the forum for cross-sectoral coordination and exchange of information between the ESAs. In this role I would like to underline that the main focus of our cooperation has concentrated on consumer protection and the assessment of cross-sectoral risk in the European Union. In addition, we have also made significant progress in those areas of the single rulebook requiring cooperation across banking, insurance and markets sectors, including credit rating mappings, securitisation, and financial conglomerates.

Firstly, I want to speak about the Joint Committee's work in the field of consumer protection. Our regulatory work focused primarily on the joint mandate on Packaged Retail Investment and Insurance-based Products (PRIIPs), where we have published two discussion papers and intend to publish a further one in November. We do our utmost to ensure that with the Key Information Document (KID) retail consumers will be able to understand and compare investment and insurance products. Furthermore, we have consulted and progressed on finalising joint guidelines for cross-selling practices. In addition, we have begun investigating developments in the area of the automation of financial advice to retail consumers. Finally, we organised the 3rd edition of the ESAs Joint Consumer Protection Day in Frankfurt, which provided an excellent opportunity to engage with, and hear from, consumer representatives.

Secondly, regarding common and cross-sectoral risk assessment, the Joint Committee produced two reports focussing on the identification of key risks and vulnerabilities in the EU financial system. Main risks outlined in these reports include the prolonged weak economic growth in the EU, the very low interest rate environment, high volatility in financial markets and low profitability of financial institutions. In addition, the Joint Committee has been assessing risks of the conduct of business in banking and insurance sectors and identifying corresponding policy responses.

Thirdly, I would like to draw your attention to the regulatory work undertaken by the Joint Committee. Two key regulatory mandates under the Financial Conglomerates Directive were completed at the end of 2014, we expect to finalise the joint draft technical standards on External Credit Assessment Institutions under CRR and Solvency II this month and we commenced various joint work-streams related to the 4th Anti Money Laundering Directive, with a number of public consultations expected to be published in the near future. In addition, in response to the political debate on the need for a revival of securitisation markets in the EU, in May we published a report identifying gaps and inconsistencies across the EU regulatory framework applicable to different structured finance instruments and making a number of suggestions which can contribute to this work under the Capital Markets Union project.

While recognising all the good efforts by ECON to improve the budgets of the ESAs, I would like to note that this year we have been working with resources below the level necessary to adequately accomplish our tasks. The current 2016 Draft Budget does not improve, and in some respects even worsens, the financial situation of the ESAs. Without a serious reconsideration by the budgetary authority the ESAs will be forced to increase the number of deliverables that will be delayed or even cancelled.

Finally, let me underline that in the upcoming year we will continue extensive Level 2 work and, like in the past year, good cooperation between ECON and the ESAs will be essential. We want to cooperate in the most transparent and open manner possible, respecting the arrangements regarding rule-making as envisaged in our founding regulations and intensifying informal exchanges of views. We will provide you, as you deem appropriate, both oral and written accounts of the directions and options that our Boards of Supervisors are considering and the regulatory decisions they have taken.

Thank you for your attention.