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# 2021 Work Programme of the Joint Committee of the European Supervisory Authorities

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1. The Joint Committee of the European Supervisory Authorities (the ESAs) is the forum in which 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), liaise very closely and on a regular basis with the aim to strengthening cooperation among each other. The European Commission and the European Systemic Risk Board (ESRB) also participate in the Joint Committee.
2. 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 activities within the scope of their respective responsibilities, ensure consistency in their practices and exchange information and best practices among themselves and with the ESRB.
3. The Joint Committee works in particular in the areas of retail investment products, retail financial services and consumer and investor protection issues, micro-prudential analysis of cross-sectoral developments, risks and vulnerabilities for financial stability, cybersecurity, financial conglomerates and prudential consolidation, as well as accounting, auditing and regulatory work on external credit assessment institutions (ECAIs). The ESAs, via the Joint Committee, jointly explore and monitor potential emerging risks for financial markets participants and the financial system as a whole.
4. The Joint Committee is an important forum for discussing key cross-sectoral trends and vulnerabilities to financial stability, with the publication of bi-annual cross-sectoral Risk Reports and their submission and presentation to the Financial Stability Table of the Economic and Financial Committee (EFC-FST). This will have particular importance in 2021, in light of the necessity to deal with the economic and financial implication of the COVID-19 pandemic as well as possible repercussions of the United Kingdom having left the European Union (EU).

5. With the transition period for the UK set to end on 31 December 2020, the need for regular monitoring of the impact will continue. The Joint Committee will continue to serve as a forum to discuss and coordinate any cross-sectoral issue impacting investor protection, EU market integrity and financial stability stemming from this decision.
6. In 2021, the Joint Committee will continue to focus its work on consumer protection issues, sustainable finance and financial innovation. In particular, the ESAs will continue providing guidance on the application of the PRIIPs rules. Depending on timing of the review of the PRIIPs regulation and subject to the request from the European Commission, the ESAs may, through the Joint Committee, provide further technical advice on PRIIPs to the European Commission.
7. In the area of sustainable finance, the Joint Committee will develop and deliver a number of draft technical standards under the Sustainable Finance Disclosure Regulation. Furthermore, subject to the result of the review of the Non-Financial Reporting Directive (NFRD), the ESAs might be asked to contribute to the development of the disclosure standards for non-financial information. Finally, the ESAs will continue their work on artificial intelligence and use of behavioral finance findings for supervisory purposes.
8. The Joint Committee will increase its efforts in the area of digital finance. A special emphasis will be on monitoring and analysing technological innovations, including supotech, as well as the developments with regards to cybersecurity and outsourcing to third party providers. Additional focus on this area might come from the European Commission Digital Finance Strategy, as well as legislative proposal on digital operational resilience expected to be published later in 2020. 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 FinTech Action Plan.
9. The Joint Committee will continue to serve as an important body for the ESAs to address other cross-sectoral matters such as the cross-sectoral mandates and questions (Q&As) stemming from the Securitisation Regulation.
10. Furthermore, through the Joint Committee, the ESAs will continue to fulfil their mandate on the mapping and monitoring of ECAI's credit assessments under the Capital Requirements Regulation and Solvency II.
11. Finally, in the area of Financial Conglomerates, the Joint Committee will further develop and finalise its work on specific reporting formats for financial conglomerates.

## 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 2021.

<b>Topic/Activity</b>	<b>PRIPs Level 3 work and other reports</b>
<b>Description</b>	<p>Work will continue on the development of Q&amp;As or 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.</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>	Q&As and other Level 3 tools
<b>Topic/Activity</b>	<b>Review of PRIIPs Regulation</b>
<b>Description</b>	The ESAs may provide information or analysis to the European Commission to support the review of PRIIPs in accordance with Article 33 of the PRIIPs Regulation. This is subject to specific requests being received from the European Commission.
<b>Expected Output</b>	Technical advice
<b>Topic/Activity</b>	<b>Sustainability-related disclosures in the financial services sector (SFDR)</b>
<b>Description</b>	<p>The ESAs will deliver seven empowerments for RTS under the SFDR in January 2021. Six new technical standards are due to be developed in the course of 2021. The taxonomy regulation added three empowerments for taxonomy-related product disclosures that are due to be delivered by June 2021 for climate mitigation and adaptation objectives, and three empowerments by June 2022 for other environmental objectives.</p> <p>In addition to that, the SFDR gives an optional mandate to the ESAs to work on one optional Implementing Technical Standard (ITS) on marketing communications.</p>
<b>Expected Output</b>	Draft Technical Standards
<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 ESAs started to assess the way financial institutions have implemented the Guidelines. In 2021, the ESAs will continue this work 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</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 in 2021, and identify specific cross-sectoral relevant FinTech/digitalization issues that need addressing at a later stage. This could be, for example, on artificial intelligence (AI) and machine learning (ML) applications and the potential consumer protection concerns and benefits associated with them.
<b>Expected Output</b>	Assessment of the Fintech phenomenon chosen; assessment of its benefits and risks for consumers; and, potentially, identification of any regulatory and/or supervisory measures which may need to be taken.

<b>Topic/Activity</b>	<b>Use of behavioural finance findings for supervisory purposes</b>
<b>Description</b>	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 NCAs and incorporated in their supervisory practices in order to strengthen financial consumer protection
<b>Expected Output</b>	Joint Report

## Risk Assessment

13. Cross-sectoral risk analysis and assessment will continue to be one of the main areas of focus for the Joint Committee in 2021. 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 Sub-Committee will continue to be an important forum for discussion of cross-sectoral risks, including e.g. potential risks stemming from technology and BigTech companies.

<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 presented to the Council's Economic and Financial Committee's Financial Stability Table (EFC-FST) for the spring and autumn meeting and published.
<b>Expected Output</b>	Semi-annual Joint Report on Risks and Vulnerabilities

## Financial Conglomerates

14. The ESAs stand 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.
<b>Expected Output</b>	2021 List of identified financial conglomerates.

<b>Topic/Activity</b>	<b>Reporting</b>
<b>Description</b>	The ESAs will continue to develop technical standards for financial conglomerates' reporting templates. The directive on the supplementary

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supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (FICOD) require the ESAs to develop reporting templates and uniform conditions of application of the supervisory overview by the coordinator of the financial conglomerate.

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**Expected Output** Draft technical standards

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## Securitisation

15. 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. Among others, identified cross-sectoral issues are the jurisdictional scope of application, due diligence requirements of EU institutional investors, the definition of 'sponsor' for investment firms as well as credit granting criteria.
16. 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.
17. Following the delivery of the Joint Committee report on specific aspects of the Securitisation Regulation (the implementation of the requirements for simple, transparent and standardised (STS) securitisation, the functioning of the due diligence, transparency and risk retention as well as an assessment of the actions that competent authorities have undertaken on material risks and new vulnerabilities that may have materialised and on the actions of market participants to further standardise securitisation documentation), the JCSC will stand ready to contribute to the European Commission report on the functioning of the Securitisation Regulation and possible legislative proposals to be provided by January 2022.

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 Output</b>	Joint Q&As and other level 3 tools

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Topic/Activity	Contribution to the European Commission report on the functioning of the Securitisation Regulation
<b>Description</b>	The ESAs stand ready to provide input to the European Commission report on the functioning of the Securitisation Regulation and further legislative proposals.
<b>Expected Output</b>	Report or Advice to the European Commission

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## Technological innovation and cybersecurity

18. The Joint Committee provides the ESAs with a platform to exchange views on technological innovation, including SupTech, and cybersecurity and to consider options for coordinated cross-sectoral action.

19. Through the Joint Committee, the ESAs will continue to work together particularly on the areas identified in the ESAs joint advices on legislative improvements relating to ICT risk management requirements in the EU financial sector, along with the European Commission, to ensure alignment and a coordinated approach for cross-sector issues.
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). Moreover, the ESAs may need to implement additional actions following the publication of the European Commission Digital Finance Strategy and the legislative proposals on digital operational resilience.
21. Given its specific structure, a separate Work Programme of EFIF (covering the period May 2020 – April 2021) is included as annex to this document.

<b>Topic/Activity</b>	<b>Work on digital operational resilience</b>
<b>Description</b>	Depending on the finalisation of the legislative proposal on digital operational resilience, the ESAs might develop regulatory products in this area based on the mandate to be received from the co-legislators.
<b>Expected Output</b>	Advice or regulatory products depending on the empowerments

## External Credit Assessment Institutions

22. The ESAs will continue to pursue regulatory work on External Credit Assessment Institutions, 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.

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

## Other work

Topic/Activity	Expected work 2021
<b>Joint Consumer Protection Day 2021</b>	In 2021, the ESAs will organise the 9th 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>Brexit</b>	With the transition period for the UK set to end on 31 December 2020, the need for regular monitoring of the impact of this will continue. In particular, with UK firms losing access to the single market, it is vital that the EU continues to address any legacy issues in order to ensure investor protection, EU market integrity and financial stability. The Joint Committee will continue to serve as a forum to discuss and coordinate any cross-sectoral issue arising from this.
<b>Exchange of information on fit and proper assessments</b>	In 2021, the ESAs will start with the implementation of information exchange on fit and proper assessments (Article 31a ESAs Regulation). To this end, a pilot business case for possible IT solution, supporting the exchange of information and covering the banking and insurance sectors first, will be launched. The Joint Committee will provide steer for the implementation to ensure cross-sectoral consistency.

## Annex: Work Programme of the EFIF 2020/2021

# EFIF Work Programme

- (i) The European Forum for Innovation Facilitators has been established to promote coordination and cooperation among national innovation facilitators<sup>1</sup> to foster the scaling up of innovation in the EU financial sector and to promote a common response to new technologies.<sup>2</sup>
- (ii) Specifically the EFIF is intended to provide a platform for participating authorities to share experiences from engagement with firms through innovation facilitators, to share technological expertise, and to reach common views on the regulatory and supervisory treatment of innovative products, services and business models, overall boosting bilateral and multilateral coordination.
- (iii) Observations and outcomes from EFIF discussions, for example on recurrent regulatory obstacles to the scaling up of technology-enabled products, services and business models, can be directed to the European Commission and the European Supervisory Authorities, as appropriate, to inform work streams, including policy positions adopted by the Joint Committee of the ESAs.
- (iv) The EFIF provides a platform for supervisors to collaborate in responding to firm/group-specific issues, for example questions about innovations and licencing. The EFIF also provides a platform for those competent authorities with regulatory sandboxes to agree, where appropriate and on a voluntary basis, joint testing arrangements.
- (v) The tasks and organisation of the EFIF are prescribed in the Terms of Reference which came into effect on 25 May 2019.
- (vi) In 2020 the EFIF will be used to monitor developments in:
  - a. the design and operation of innovation facilitators taking account of the best practices set out in the January 2019 joint report of the ESAs on regulatory sandboxes and innovation hubs;<sup>3</sup>
  - b. the innovative products, identified in the context of innovation facilitator activities, and related regulatory and supervisory issues arising.
- (vii) Additionally, the EFIF will consider the following thematic areas:
  - a. artificial intelligence (AI), machine learning (ML) and Big Data analytics;
  - b. tokenisation and distributed ledger technologies;
  - c. Open Banking/application program interfaces (APIs);
  - d. platforms facilitating the provision of financial services (retail and institutional);
  - e. use of innovative technology for customer due diligence (CDD), in particular, identity verification and/or transaction monitoring;
  - f. RegTech,

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<sup>1</sup> Innovation facilitators typically take the form of 'innovation hubs' and 'regulatory sandboxes'. Innovation hubs provide a dedicated point of contact for firms to raise enquiries with competent authorities on FinTech-related issues and to seek non-binding guidance on regulatory and supervisory expectations, including licensing requirements. Regulatory sandboxes, on the other hand, are schemes to enable firms to test, pursuant to a specific testing plan agreed and monitored by a dedicated function of the competent authority, innovative financial products, financial services or business models. Source – ESA's Joint Report – *Fintech: Regulatory Sandboxes and Innovation hubs*, January 2019, p.3:

<https://eba.europa.eu/documents/10180/2545547/JC+2018+74+Joint+Report+on+Regulatory+Sandboxes+and+Innovation+Hubs.pdf>.

<sup>2</sup> The organisation of the EFIF rests with the Joint Committee of the European Supervisory Authorities.

<sup>3</sup> <https://eba.europa.eu/documents/10180/2545547/JC+2018+74+Joint+Report+on+Regulatory+Sandboxes+and+Innovation+Hubs.pdf>

whilst keeping these under review in line with any new trends emerging from innovation facilitators.

- (viii) Finally, the EFIF will enhance its visibility and strengthen its capacity through additional measures, including greater use of the EFIF web and Extranet pages as a means to facilitate further information sharing. The EFIF will also take steps to enhance the visibility of its capacity to facilitate joint testing (regulatory sandboxes).

### **General tasks**

<b>Topic/Activity</b>	Monitoring the design and operation of innovation facilitators established by competent authorities in the EU
<b>Description</b>	<p>Identification of:</p> <ul style="list-style-type: none"> <li>any innovation facilitators established post-January 2019 (the date of the joint ESA report on regulatory sandboxes and innovation hubs);</li> <li>any substantive changes to the design or operation of innovation facilitators established pre-January 2019;</li> <li>experience acquired in the operation of innovation facilitators and best practices for the design and operation of innovation facilitators (set out in the joint ESA report on regulatory sandboxes and innovation hubs);</li> <li>areas of innovation facilitator focus and specialist innovation facilitators (e.g. Blockchain; technology-enabled products, services and business models in the context of sustainable finance).</li> </ul>
<b>Expected output</b>	<p>As appropriate:</p> <ul style="list-style-type: none"> <li>update of the list of innovation facilitators established in the EU;<sup>4</sup></li> <li>specification* of any areas of the best practices that may warrant an update in order to promote consistency and convergence in the design and operation of innovation facilitators (e.g. in terms of: promoting innovation facilitators; communicating 'lessons learned' to the industry; engaging with firms beyond the regulatory perimeter (e.g. tech firms seeking to provide products and services to regulated financial institutions); establishing potential performance indicators for innovation facilitators which competent authorities could use for their own purposes to help demonstrate how innovation facilitators are being used);</li> <li>specification* of any areas in which ESA guidance on the design and operation of innovation facilitators may be appropriate.</li> </ul> <p>*For inclusion in the annual report of the EFIF.</p>

<b>Topic/Activity</b>	Monitoring innovations identified in innovation facilitators
<b>Description</b>	<p>Identification of the innovative products, services and business models identified in the context of innovation facilitator activities (including main outcomes from sandboxes tests), regulatory and supervisory issues arising and experience acquired by the competent authorities, with a view to promoting a common response to new technologies.</p>
<b>Expected output</b>	<p>Specification* of:</p> <ul style="list-style-type: none"> <li>identified innovations, supported by statistics where available;</li> </ul>

<sup>4</sup> EIOPA to maintain list on EFIF webpage.

	<ul style="list-style-type: none"> <li>• major regulatory and supervisory issues, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs and/or European Commission;</li> <li>○ policy action may be needed to address any risks to consumers, market integrity or for financial stability.</li> </ul> </li> </ul> <p>Development, as appropriate, of:</p> <ul style="list-style-type: none"> <li>• a library of identified innovations;</li> <li>• supervisory training, as appropriate, on identified innovations.</li> </ul> <p>*For inclusion in the annual report of the EFIF.</p>
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<b>Topic/Activity</b>	Facilitating joint testing (regulatory sandboxes)
<b>Description</b>	Development of a procedural framework to facilitate the communication of possible joint testing initiatives to members of the EFIF.
<b>Expected output</b>	Specification of: <ul style="list-style-type: none"> <li>• a procedural framework which competent authorities can use to identify to members of the EFIF potential opportunities to participate in joint testing arrangements.<sup>5</sup></li> </ul>

<b>Topic/Activity</b>	Enhancing the visibility of the EFIF and strengthening its administrative capacity (webpage/Extranet)
<b>Description</b>	Promoting awareness of the EFIF and strengthening capacity for members and observers to use the EFIF as a means of information exchange.
<b>Expected output</b>	<ul style="list-style-type: none"> <li>• Coordinated promotional activities (e.g. potentially EFIF workshops).</li> <li>• Further development of the EFIF webpage with additional information about the functionality of innovation facilitators and contact points and initiatives that are not yet operational but are under development.</li> <li>• Establishment of facilities for EFIF members and observers to exchange information (e.g. via the Extranet, mailing lists), collate innovation-related publications, and have an exchange of views on innovation-related issues.</li> </ul>

### **Areas of thematic focus**

<b>Topic/Activity</b>	Artificial intelligence (AI), machine learning (ML), and Big Data analytics, use of Internet of Things (data gathering and aggregation): Experience from innovation facilitator activities
<b>Description</b>	Identification of applications and use cases in the EU financial sector, regulatory and supervisory issues arising, including issues relating to the application of data protection law, and experience acquired by the competent authorities, with a view to promoting a common response to these new technologies.

<sup>5</sup> The template would be used by competent authorities in cases where an applicant to a regulatory sandbox has indicated their interest in the testing being carried out on a multi-jurisdictional basis and where the competent authority is open to the testing being carried out on this basis.

<b>Expected output</b>	<p>Specification of:</p> <ul style="list-style-type: none"> <li>• observed cases/trends in the use of AI, ML, Big Data and use of Internet of Things in retail and wholesale financial services (e.g. innovative credit scoring);</li> <li>• major regulatory and supervisory issues, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs, EDPB and/or European Commission;</li> <li>○ policy action may be needed to address any risks to consumers, market integrity or for financial stability.</li> </ul> </li> </ul>
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<b>Topic/Activity</b>	Tokenisation and distributed ledger technologies: Experience from innovation facilitator activities
<b>Description</b>	Identification of applications and use cases in the EU financial sector, regulatory and supervisory issues arising and experience acquired by the competent authorities, with a view to promoting a common response to these new technologies.
<b>Expected output</b>	<p>Specification of:</p> <ul style="list-style-type: none"> <li>• trends in tokenisation and the use of DLT-based applications (which may or may not entail crypto-assets), including different types of tokens and use cases;</li> <li>• major regulatory and supervisory themes, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs and/or European Commission;</li> <li>○ policy action may be needed to address any risks to consumers, market integrity or for financial stability.</li> </ul> </li> </ul>

<b>Topic/Activity</b>	Open Banking/ application programme interfaces (APIs): Experience from innovation facilitator activities
<b>Description</b>	Identification of APIs and use cases and experience acquired by the competent authorities, with a view to promoting convergence of practices.
<b>Expected output</b>	<p>Specification of:</p> <ul style="list-style-type: none"> <li>• trends in the design of APIs and areas where standardisation is observed or where there may be benefits to further standardisation;</li> <li>• major regulatory and supervisory themes, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs and/or European Commission;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ policy action may be needed to address any risks to consumers, market integrity or for financial stability.</li> </ul>
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<b>Topic/Activity</b>	Multi-purpose digital platforms facilitating the provision of financial services (retail and institutional): Experience from innovation facilitator activities
<b>Description</b>	Identification of applications and use cases of digital platforms offering combinations of services (e.g. non-financial & financial/multi-sector financial) in the EU financial sector, regulatory and supervisory issues arising and experience acquired by the competent authorities, with a view to promoting a common response to these new models of providing financial services.
<b>Expected output</b>	<p>Specification of:</p> <ul style="list-style-type: none"> <li>• trends in the scope and potential definition/taxonomy of platforms;</li> <li>• trends in the design of platforms, including structure and financial services/other services available on the platforms;</li> <li>• major regulatory and supervisory themes, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs and/or European Commission;</li> <li>○ policy action may be needed to address any risks to consumers, market integrity or for financial stability.</li> </ul> </li> </ul>

<b>Topic/Activity</b>	Use of innovative technology for customer due diligence (CDD), in particular, identity verification and transaction monitoring: Experience from innovation facilitator activities
<b>Description</b>	Identification of applications and use cases in the EU financial sector, regulatory and supervisory issues arising and experience acquired by the competent authorities, with a view to promoting a common approach to the acceptance of the use of innovative technologies for CDD, in particular, identity verification and transaction monitoring.
<b>Expected output</b>	<p>Specification of:</p> <ul style="list-style-type: none"> <li>• technology trends and use cases;</li> <li>• major regulatory and supervisory themes, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs and/or European Commission;</li> <li>○ policy action may be needed to address any risks to consumers or the resilience of the financial system from a ML/TF perspective.</li> </ul> </li> </ul>

<b>Topic/Activity</b>	RegTech: <sup>6</sup> Experience from innovation facilitator activities
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<sup>6</sup> The FSB defines regulatory technology (RegTech) as any range of applications of FinTech for regulatory and compliance requirements and reporting by regulated institutions. This can also refer to service providers offering such solutions.

<b>Description</b>	Identification of applications and use cases in the EU financial sector, regulatory and supervisory issues arising and experience acquired by the competent authorities, with a view to promoting a common approach to the use of RegTech and supporting interoperability.
<b>Expected output</b>	Specification of: <ul style="list-style-type: none"> <li>• technology trends and use cases;</li> <li>• major regulatory and supervisory themes, including any areas in which: <ul style="list-style-type: none"> <li>○ common views on the appropriate regulatory and supervisory response are reached;</li> <li>○ recurrent regulatory obstacles or gaps impeding the scaling up of financial innovation are observed that may warrant attention by the ESAs and/or European Commission;</li> <li>○ policy action may be needed.</li> </ul> </li> </ul>

### **Firm/Group-specific tasks**

<b>Topic/Activity</b>	Industry engagement.
<b>Description</b>	Invitation of industry representatives with innovation facilitator experience to participate in EFIF meetings to present their experiences in order to highlight different use cases of innovative technology in the market (e.g. by live demos), regulatory and supervisory issues on which supervisory collaboration may be considered by competent authorities to be desirable in order to promote a common response(e.g. questions received via innovation facilitators about licencing), and design features of innovation facilitators.
<b>Expected output</b>	Specification of: <ul style="list-style-type: none"> <li>• innovation trends;</li> <li>• issues raised;</li> <li>• major regulatory and supervisory themes, including any areas in which common views on the appropriate regulatory and supervisory response are reached and transmitted to the firm/group concerned.</li> </ul>