



Ref. CESR/06-061

6 February 2006

3L3 Work Programme 2006

Background

1. CESR, CEBS and CEIOPS have signed a Joint Protocol regarding their cooperation on 24 November 2005.
2. In addition to the objectives of each Committee as reflected in their respective founding Charters, the Joint Protocol lists the following objectives of this co-operation:
 - a) *Sharing information in order to have compatible approaches.*
 - b) *Exchanging of experiences which can facilitate supervisors' ability to cooperate.*
 - c) *Producing joint work or reports to relevant EU committees and groups.*
 - d) *Reducing supervisory burdens and streamlining processes.*
 - e) *Having similar basic functioning of the three Committees.*
3. Within these objectives, the Committees have decided to identify the issues set out below for work in 2006. Some issues have been prioritised. In addition to the issues listed below the Committees may find other areas of common concern during the course of the year, depending (inter alia) on changes in the markets and legal initiatives. Exchange of information on such areas shall always be part of the co-operation between the Committees.
4. A progress report on the work to be done in the work programme shall be delivered to the June meetings of the respective Committees. Those meetings can serve as opportunities to alter the work programme.
5. Due to the inherent differences of the various tasks the Committees have set out for themselves in this work programme, the form in which the results of the work will be presented may vary both in terms of timing and format.

A. Joint Work

This section of the work programme sets out work which is to be carried out jointly by the three Committees, and which should result in joint output.

1. Financial Conglomerates

The Committees agree to set up a new interim committee with the name Interim Working Committee on Financial Conglomerates (IWCFC) to work in this area focusing on the implementation of the Financial Conglomerates Directive. The first aim of the IWCFC is to assess the current state of play as regards the results of transposition and assist in consistent application of the FCD regarding the conglomerates identified. Second, the group will tackle the convergence of national supervisory practices on issues with regard, for example, to capital requirements, intra group transactions and risk concentration. Third, the cooperation and coordination requirements between the supervisors involved will be an important element of the Joint Work. Apart from the implementation of the FCD, the IWCFC will not do any other cross sector work. CEBS and CEIOPS will provide the membership in this predominantly prudential file. This work has been identified as a priority.

2. Joint Definition of Standards, Guidelines and Recommendations

The Committees will aim at preparing a joint document setting out common definitions and an explanation of the common application and usage of Standards, Guidelines and Recommendations, of Level 3 measures as stated in the founding decisions of the respective Committees.

B. Consistency projects to reduce supervisory burdens and streamlining processes

This section of the work programme sets out mapping and comparison of sectoral work projects that aim at streamlining processes and developing consistent approaches across sectors. This might lead to future joint initiatives.

1. Outsourcing

Cooperation between CESR and CEBS will continue in order to ensure consistency to the maximum extent permitted by the EU legal framework between the Level 2 provisions and the respective Level 3 guidance stemming from MIFID and the Level 3 guidance developed in relation to the CRD. The aim of this work is to create consistency between standards of CEBS, the Level 2 and 3 work in the MIFID area and the future work on UCITS and Solvency II. To avoid inconsistencies with these developments, CEIOPS is participating in this alignment in view of its work in the framework of the Solvency II project. After a mapping of the respective requirements a report is planned to be finalised in the second quarter of 2006. This work has been given priority.

2. Supervisory cooperation

The Committees will compare their work on regulatory approaches and cooperative arrangements between the various supervisors, or competent authorities (depending on the particular sector) in a home and host environment. The aim of this work is to research whether the individual sectoral work done by the Committees might be extended to cooperate with supervisors or competent authorities in the other sectors and to take on board good practices from other sectors. This should ensure cross-sector consistency of approaches. The comparison will be done during the course of 2006.

3. Reporting requirements

The Committees will request input from relevant market participants to take stock of potential inconsistencies in reporting requirements stemming from sectoral EU-directives applying to European supervised entities and market participants, taking into account IFRS. The Committees aim at presenting a first result of this inventory within the second half of 2006. Based on this inventory, future work may be proposed.

4. Internal governance

The work within the context of the CRD and the MIFID on internal governance of banks and investment firms will be discussed. An analytical report will be prepared and shared with the market on any overlaps and areas of possible further work. This will take into account the current thinking on Solvency II.

C. Reports to European Institutions

1. Financial market trends and cross sector risks

On cross sector risks the Committees will be jointly reporting to various European institutions and/or committees, such as the EFC/FST with cross-sector reports for its meeting in September. The Committees will also provide the FSC with reports for its contributions to the EFC/FST.

In this context, the Committees will continue to monitor the situation regarding any problems raised regarding off-shore centres (OFCs) and decide on any need of Level 3 action in light of the terms of reference of the FSC.

2. Supervisory Convergence

3. Consultation responses to EU institutions.

The Committees will provide joint responses to European Commission consultation papers and other documents when the need arises during the course of the year.

D. Information points for the exchange of experiences

The establishment and improvement of information exchange between the working groups of the Committees have been given priority. On the following issues the Committees will regularly exchange information on their respective work in progress, with the aim of identifying the need for any further specific action:

- 1. Mergers and acquisitions*
- 2. Solvency II/Basel II*
- 3. Enforcement of IFRS*
- 4. Deposit insurance/Deposit guarantee schemes/Insurance guarantee schemes*
- 5. Standards on clearing and settlement*
- 6. Mutual funds/Hedge funds/Unit linked insurance contracts & Retail investors/Policy holders protection*
- 7. External Credit Assessment Institutions/rating agencies*
- 8. Crisis Management*
- 9. Offshore-Centres*
- 10. Developing training schemes*
- 11. Impact Assessments*