

Joint Committee - Public consultation (JC/CP/2014/04) on draft Regulatory Technical Standards (RTS) on risk concentration (RC) and intra-group transactions (IGT) within financial conglomerates

IRSG meeting - 1 October 2014
Kai Kosik and Marcus Hein

Mandate in Art. 21a (1a) FICOD:

„In order to ensure consistent application of Articles 2, 7 and 8 and Annex II, the ESA **shall**, through the Joint Committee, develop draft regulatory technical standards to establish a more precise formulation of the definitions set out in Article 2 and to coordinate the provisions adopted pursuant to Articles 7 and 8 and Annex II.”

JC Draft RTS on Art. 21a (1a) FICOD
Joint Committee of the European Supervisory Authorities

Content is two-fold:

- „establish a more precise formulation of the definitions set out in Article 2“ FICOD
- „coordinate provisions adopted pursuant to Articles 7 and 8 and Annex II“ FICOD

JC Draft RTS on Art. 21a (1a) FICOD
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Draft RTS focuses on:

1. Minimum requirements MS, coordinators & RCAs should consider for identifying and supervising significant RC and IGT.
2. Clarification of the meaning of “significant” RC and IGT as only significant RC and IGT are to be reported.

JC Draft RTS on Art. 21a (1a) FICOD

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3. Aspects coordinators & RCAs should consider when identifying types of RC and IGT, thresholds and reporting periods.
4. The form of a report on significant RC and IGT, which includes aspects of language, frequency, addressees, remittance dates and channels of communication.

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5. The minimum content of a report on significant RC and IGT, which includes descriptions of the significant RCs and IGTs, and a precise descriptions of the affected entities with the legal entity identifiers as far as possible.

6. Minimum supervisory measures to be used in the supervision of RC and IGT, which include more frequent reporting and a call for a strenghtening of the financial conglomerate's risk management systems.

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Public Consultation Questions:

1. Is the scope of the draft regulatory technical standards and the definition of significant risk concentration and significant intra-group transactions appropriate with respect to the mandate given in Article 21a (1a) of the Directive 2002/87/EC (FICOD)?
2. Are the criteria, which coordinators and other relevant competent authorities shall take into account when identifying types of significant risk concentration and significant intra-group transactions, defining appropriate thresholds and periods for reporting and overseeing significant risk concentration and intra-group transactions, appropriate and comprehensive?
3. Is the information to be contained in a report on significant risk concentration and significant intra-group transactions appropriate?
4. Do you agree with the proposed set of supervisory measures to be taken into account by competent authorities?
5. Do you agree with the analysis of the impact of the proposals in this Consultation Paper? If not, can you provide any evidence or data that would further inform the analysis of the likely cost and benefit impacts of the proposals?

CP deadline for comments: 24 October

We are looking forward to receiving your
input. Thank you for your attention!

Questions ?