
Mandate of the Joint Committee of the European Supervisory Authorities' Sub- Committee on Cross Sectoral Developments, Risks and Vulnerabilities (Risk Sub- Committee)

1. Framework

1. The main objective of the Joint Committee of the European Supervisory Authorities' Sub-Committee on Cross Sectoral Developments, Risks and Vulnerabilities, (hereafter referred to as "Risk Sub-Committee") is to assist the Joint Committee in fulfilling its mandate with respect to the cross-sector aspects of the relevant parts of the ESAs Regulations, in particular Articles 22, 23, 24, 32, 54, 55, 56 and 57.
2. The Joint Committee *may* also propose to the ESAs:
 - Guidelines and recommendations to promote safety and soundness of markets and convergence of cross-sectoral supervisory practice;
 - Draft opinions on cross sectoral risks, developments and vulnerabilities for the ESAs to provide to the European Parliament, the Council and the Commission, in accordance with Article 22 (5); and
 - Within specific parameters, to temporarily prohibit or restrict certain types of cross-sectoral financial activities that threaten the orderly functioning of financial markets or the stability of the whole or part of the EU's financial system.

2. Tasks

3. The tasks of the Risk Sub-Committee consist of supporting the Joint Committee in carrying out its work programme in areas related to cross-sectoral developments, risks and vulnerabilities, and in particular:
 - Ensure adequate coverage of cross-sectoral developments, risks and vulnerabilities, in accordance with Article 32 (4) of the ESA Regulations, also by conducting own analyses. The scope of the analysis includes regulatory developments of cross-sectoral significance, including risks and vulnerabilities of financial conglomerates, respecting that the sectoral analysis of risks and vulnerabilities resides with each of the respective ESAs;
 - Provide analysis of systemic risks with cross-sectoral implications and thus contribute to the activities carried out by the ESAs and the Joint Committee in relation to systemic risks, as stipulated in Article 22 of the ESA Regulations;
 - Serve as a forum in which the ESAs cooperate regularly and closely, on micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability in accordance with Article 54 (2) of the ESA Regulations; and
 - Support the Joint Committee, in its overall and cross-sectoral coordination of the systemic risk assessment activities of the ESAs, and contribute to the ESAs' coordination of the systemic risk assessment activities with the European Systemic Risk Board (ESRB). If necessary, identify and propose any cross- sectoral issues or potential inconsistencies to be addressed in the ESAs' respective sectoral assessments or by the ESRB.
4. Fulfil any other tasks set out and agreed by the ESAs' governing bodies, and as delegated by the Joint Committee, as appropriate.

3. Type of deliverables

5. The Risk Sub-Committee will assist the ESAs through its Joint Committee to:
 - Provide micro-prudential analysis focusing on cross-sectoral aspects within the ESFS, including risk transfer and contagion issues;
 - Provide regular cross-sectoral micro-prudential risk assessments to the ESAs Board of Supervisors and to the Economic and Financial Committee – Financial Stability Table (EFC-FST) and the ESRB, complementing the ESAs' reports; and
 - Develop information databases for the assessment of cross- sector risk transfers and contagion channels.
6. The Risk Sub-Committee will assist the Joint Committee to:
 - Prepare joint positions (Article 56) on cross-sectoral risks, developments and vulnerability issues;
 - Prepare opinions (Article 16a) on cross-sectoral risks, developments and vulnerabilities to the European Parliament, the Council and the European Commission;
 - Provide the cross-sectoral input, and assistance to the overall coordination of the ongoing risk assessment activities amongst the ESAs and between the ESAs and the European Systemic Risk Board (ESRB); and
 - Provide analysis on identified risks and vulnerabilities of a cross- sectoral nature for possible ESAs' response to issues tabled within the European System of Financial Supervisors (ESFS), and within the EFC-FST.
7. The Risk Sub-Committee will report to the Joint Committee.

4. Internal organisation

4.1. Membership

8. The Chairpersons of the ESAs are members of the sub-committee.
9. Each voting member of the ESAs Board of Supervisors (BoS) may nominate experts with expertise and experience in the area relevant to the tasks and deliverables of the Risk Sub-Committee to be represented on the Risk Sub-Committee.
10. In Member States where more than one authority has competencies relating to the role of the Risk Sub-Committee, then both/all those authorities could nominate volunteers to the Sub-Committee, albeit those authorities shall agree on a common position. Nevertheless, when an item to be discussed by the Risk Sub-Committee does not fall within the competence of that Member State's ESA BoS member(s), they may bring a representative from the relevant national authority.
11. For those Member States who choose not to nominate a representative to attend the Sub-Committee, a contact person may be designated, to make sure that the respective authorities in that Member State are able to follow and contribute to the work of the Sub-Committee.
12. ESA staff with expertise and experience in the areas relevant to the tasks and deliverables of the Risk Sub-Committee.
13. Chairpersons of the ESAs' respective sub-structures (or their representatives) responsible for the sectoral micro-prudential risk assessment activities.
14. The following shall be invited as observers to the Sub- Committees:
 - o Representatives from the European Commission;
 - o Representatives from the ECB/SSM and the ESRB; and
 - o The Executive Directors of the ESAs.
15. During his/her term of appointment, the Chairperson's competent authority may decide to send another expert to assume the interests of the national competent authority.
16. Given the nature of the supervisory information to be discussed by the Risk Sub-Committee in the context of its work, some sessions of the Risk Sub-Committee meetings may be restricted to the representatives of the ESAs.

4.2. Members' profile and responsibilities

17. Members of the Risk Sub-Committee should have sufficient expertise and experience in the area relevant to the tasks and deliverables of the Risk Sub-Committee.
18. Members are expected to provide their comments and views within the suggested deadlines.

4.3. Chairperson

19. The Risk Sub-Committee should be chaired by a high-level representative and shall have sufficient seniority, expertise and experience. This representative shall preferably be a Member or alternate of the Board of Supervisors of one of the ESAs or a permanent representative or alternate in the case of EIOPA. The term of the Chairperson's appointment shall be for two years and can be renewed once.
20. Article 13.1 of the Joint Committee Rules of Procedure outlines the selection process of the Chairperson.
21. The Chairperson shall be responsible for ensuring that the Risk Sub-Committee delivers the

tasks allocated to it by the Joint Committee.

22. The Chairperson shall strive to reach decisions by consensus. In the event that a consensus cannot be reached, controversial issues shall be remitted by the Risk Sub-Committee Chairperson to the Joint Committee for its consideration.
23. The Chairperson may request to hold a partial or fully restricted meeting without observers, when deemed necessary.
24. When carrying out his/her tasks the Chairperson shall act in the interest of the European Union.
25. The Chairperson shall also be an observer of the Joint Committee, where applicable.

4.4. Ongoing work and meetings

26. Risk Sub-Committee ongoing work shall be directed by the Chairperson and supported by ESAs' staff.
27. Meetings should be arranged to follow the schedule of the Joint Committee and timelines for external and internal deliverables.
28. Additional meetings can be scheduled if necessary.

4.5. Substructures

29. Subject to the approval of the Joint Committee, the Risk Sub- Committee can set up subgroups (SGs).
30. No subgroup can generate further substructures.
31. Subgroups shall be chaired by a member of the Risk Sub- Committee or ESA staff with sufficient expertise, or, where appropriate, by a technical expert from a member or observer organisation; the subgroup chair shall be appointed by the Risk Sub-Committee and confirmed by the Joint Committee.
32. The members of the subgroups of the Risk Sub-Committee shall have expertise and experience in the substructure's allocated area.

4.6. External Relations

33. To obtain timely input on issues under consideration, the Risk Sub- Committee may maintain direct contacts and dialogue with industry experts.
34. The Risk Sub-Committee should work closely with all the ESAs with a view to ensuring cross-sectoral consistency, and also with the ESRB on relevant topics, where appropriate. All contacts should be made in close coordination with the ESAs.
35. If necessary, the Risk Sub-Committee may seek input from or exchange views with the European Commission and/or relevant committees/groups, standard setting bodies or other interested parties and ensure that ESA interests are properly reflected at these levels.

4.7. Review of the mandate

36. This mandate shall be read in conjunction with the annual Work Programme of the Joint Committee.
37. The Risk Sub-Committee's mandate will be subject to review and endorsement by the ESAs' BoS every two years, and adapted to reflect any developments, as relevant and appropriate.

4.8. Effective date

38. This mandate, approved by the ESAs' BoS, will come into effect on 1 January 2022.