



EUROPEAN COMMISSION CALLS FOR EXPERTS TO JOIN ITS FINANCIAL SERVICES USER GROUP

The European Commission has launched on 21.02.2017 a [call for expression of interest](#) for new members of the [Financial Services User Group \(FSUG\)](#). The renewal of the Group is part of the Commission's efforts to give consumers a strong voice in the EU policy making in financial services. The Group will advise the Commission on its ongoing work on the Capital Markets Union, with a particular focus on the distribution of retail investment products. It will also weigh in on the implementation of the Commission's forthcoming Retail Financial Services Action Plan. The Financial Services User Group was set up by the Commission in 2010 (now recast by Decision [C\(2017\) 359](#)), with the objective of involving users of financial services in policy-making. It is composed of 20 members representing various users of financial services, such as consumers, retail investors, microenterprises or trade unions. Besides experts from stakeholder organisations, the Commission encourages independent experts, e.g. from academia, to apply. The new members will operate over a four-year mandate. The deadline for submitting applications is 21 April 2017

For more information:
<https://ec.europa.eu/info/node/8611/#members>

REGULATORS SOUND ALARM ON MONEY LAUNDERING AND TERRORISTS

The financial sector in the EU is still overly exposed to money laundering and terrorist financing risks, the EU's banking, markets and insurance watchdogs said on Monday. According to the European Supervisory Authority's [report](#), firms are not aware of the extent to which they are exposed to such risks, and are unlikely to be able to detect or prevent terrorist finance "before an atrocity is committed." As the threats undermine the integrity of the bloc's finance

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sector, firms should put in place and maintain effective policies and controls to deal with such risks, according to the ESAs.

“Over the course of the last two years, terrorist attacks have been committed in several EU member states. There is evidence to suggest that in at least some cases, terrorists abused legitimate payment channels to facilitate their actions,” the report said.

The ESAs identified multiple causes for the shortcomings, including senior management putting low priority to the issues, and an unwillingness to challenge unusual behaviour of long-standing or profitable clients

EUROPEAN PARLIAMENT REPORT SAYS THAT CITIZENS SHOULD GET ACCESS TO DATA ON FIRM OWNERS TO FIGHT MONEY LAUNDERING

EU citizens could access registers of beneficial owners of companies without having to demonstrate a “legitimate interest,” and trusts would have to meet the same transparency requirements as firms, under amendments, agreed by MEPs on 28.02.2017, to the EU Anti-Money Laundering Directive.

The amendments, agreed by the Economic and Monetary Affairs and Civil Liberties committees, would plug gaps in the EU’s framework legislation against money laundering and terrorism financing. They would also introduce stricter transparency rules to prevent tax evasion.

The proposal would enable EU citizens to access beneficial ownership registers without having to demonstrate a “legitimate interest” in the information, a requirement that currently restricts access to authorities and professionals such as journalists and lobbyists. “Complex company structures and shelf companies make it easy for people to hide money. Through a public register for companies and trusts, the European Parliament wants to shed light on these structures and thereby combat them,” said Judith Sargentini (Greens/EFA, NL), a co-rapporteur on the file.

The scope of the AMLD has also been expanded to cover trusts and “other types of legal arrangements having a structure or functions similar to trusts.” These were previously excluded from the directive on privacy grounds. Trusts will now have to meet the full transparency requirements of firms including the need to identify beneficial owners.

Virtual currency platforms and custodian wallet providers have also been brought within the scope of the directive. Although virtual currencies account for only a small share of global financial transactions – around 70, 000 virtual currency transactions are made daily, according to the European Central Bank – some EU member states and the European Banking Authority say they pose risks. Under the amendments, virtual currency platforms would have the same obligation as banks and other payment institutions to scrutinise their customers. This includes verifying identity details and monitoring their financial transactions, to reduce the risk of virtual currencies being used to launder criminal proceeds.



To discourage the use of anonymous pre-paid instruments, such as pre-paid cards, as a low-cost, convenient way to transport the proceeds of crime, MEPS backed to lower the threshold at which identification requirements kick in from €250 to €150. Co-rapporteur Krišjānis Karins (EPP, LV) said "the behaviour of criminals has not changed – they use anonymity to launder their illicit proceeds or finance terrorism. So, we have to make sure that the legislation addresses the threats to our citizens and financial sector. This also means tightening up the rules regulating virtual currencies and anonymous prepaid cards."

The update also aims to streamline coordination among member states in fighting terrorism financing and money laundering. Measures include introducing centralised bank and payment account registers in member states, harmonising the checks that banks and financial institutions make across the EU and easing the flow of information between member states' financial intelligence units.

The committees voted by 92 votes to 1, with 1 abstention to enter into negotiations with the Council. Parliament as a whole must now give the go-ahead in the March plenary session for MEPs to start three-way talks with the EU Commission and Council.

EUROPEAN COMMISSION START STRUCTURED DIALOGUE WITH MEMBER STATES ON FREE FLOW OF DATA

The European Commission has started structured dialogue with Member States on free flow of data, it will last until end April. The aim is to map out existing restrictions put in place by Member States and enter in specific discussions with countries where rules impose some limits on free flow of data (eg Austria, Belgium, Germany, Denmark, Finland, France, Sweden, UK..). Some Member States already signed a letter calling for a regulation on free flow of data. At the end of the structure dialogue, the Commission will decide if it launches some infringement proceedings against Member States who contravene with free flow of data initiative.

ESAS CONSULTATION ON BIG DATA RISKS

The Joint Committee of the European Supervisory Authorities (ESAs) launched a public consultation about the potential benefits and risks of Big Data for consumers and financial firms to determine whether any further regulatory or supervisory actions may be needed. Big Data is a phenomenon linked to the ever-increasing availability of data and advances in Information Technology tools, applications, platforms and



systems to collect, process and analyse it. Big Data can generate ideas, solutions or predict certain events or behaviours and is already used in the financial industry.

The ESAs' Discussion Paper notes that Big Data can bring a number of benefits to both financial firms and consumers. Better analytics mean firms can profile customers in order to personalise products and services, enhance their own internal processes and improve their fraud detection capabilities. For example, banks use financial and payment data to assess consumer credit worthiness; in the insurance sector, firms are finding increasingly innovative ways of gathering data, such as installing telematics devices in cars to monitor consumers' driving behaviour, to offer more personalised premiums and products; and in the securities markets, high frequency traders and asset managers analyse large volumes of data to inform their investment decisions.

At the same time, the ESAs also consider potential risks associated with Big Data, such as access issues for consumers being classified as undesirable due to firms' abilities to undertake more granular analyses. For example, consumers seeking household insurance for properties located in areas exposed to high risks such as floods, earthquakes or crime may have to pay very high premiums or might not be offered an insurance coverage.

The link to the consultation (open until 17th march 2017) can be seen here: <https://www.esma.europa.eu/press-news/consultations/joint-committee-discussion-paper-use-big-data-financial-institutions>

ICCR MEETING TO DISCUSS CREDIT SCORING

FEBIS is now a full member of the ICCR (International Committee on Credit Reporting) managed by the World Bank. The next meeting of the ICCR will take place mid-March in Washington, and the agenda features some discussions on key issues, such as the draft paper on credit scoring. Luis Carmona will represent FEBIS at the March meeting, and the FEBIS Regulatory Committee is closely monitoring the work of ICCR and contributing by voicing the concerns of the credit reporting industry.

COUNCIL AGREEMENT TO EXTEND EU PROGRAMME ON FINANCIAL REPORTING AND AUDITING

The Maltese Presidency and European Parliament representatives reached a provisional agreement on extending the EU's funding to the European Financial Reporting Advisory Group (EFRAG). Nearly €14 million will be allocated for the period 2017 to 2020 to ensure the operational continuity of the EFRAG. The EU's contribution to EFRAG's



budget accounts for around 60%. Christian Cardona, Minister for the Economy, Investment and Small Business of Malta, said: "Adequate funding will allow the EFRAG to carry out its mission effectively. EFRAG is now well equipped to continue advising the European Commission on international financial reporting standards in the interest of the European project. Independence and transparency are essential for strengthening the single market of financial services and capital". EFRAG's mission is to develop and promote European views in the field of financial reporting. It also tries to ensure that these views are duly taken into account within the International Accounting Standards Board, which is the independent body responsible for developing International Financial Reporting Standards (IFRS). In 2009, the EU launched a programme to support activities in the field of financial services, financial reporting and auditing. The beneficiaries of the programme are the IFRS Foundation, the EFRAG and the Public Interest Oversight Board (PIOB). The programme was extended under regulation 258/14 for the period 2014 to 2020 for the IFRS Foundation and the PIOB only. Concerning EFRAG, the Council and the Parliament decided to wait until a number of reforms in the EFRAG governance were completed. The governance reform of EFRAG to strengthen the EU's contribution to the development of international accounting standards was implemented on 31 October 2014. Today's provisional agreement has still to be confirmed by the Council and the European Parliament in the coming weeks. Once confirmed, the total allocation from the EU budget to EFRAG will amount to €23 million for the period 2014 to 2020, which matches the Commission initial estimate.

CONSULTATIONS

Consultation title	Subject	Deadline	Web site
Consultation on the data economy strategy	<p>The objective of the consultation is to collect information on:</p> <ul style="list-style-type: none"> • whether and how local or national data localisation restrictions inhibit the free flow of data in Europe • whether and to what extent digital non-personal machine-generated data are traded and exchanged • the nature and magnitude of any barriers to accessing such data • ways of tackling those barriers 	26/04/2017	<p>Link to text : https://ec.europa.eu/digital-single-market/en/news/public-consultation-building-european-data-economy</p>



	<ul style="list-style-type: none"> • emerging Internet of Things and robotics liability challenges • practices and issues relating to data portability, interoperability and standards. 		
Consultation on the Capital Market Union mid-term review	Analyse the remaining issues and policy lines to be developed with the CMU	17/03/2017	https://ec.europa.eu/info/finance-consultations-2017-cmu-mid-term-review_en
ESAs consultation on big data risks	Evaluate the impact of big data for consumers and financial terms	17/03/2017	https://www.esma.europa.eu/press-news/consultations/joint-committee-discussion-paper-use-big-data-financial-institutions
CNIL online consultation on GDPR	Get views on profiling, consent and data breach notifications (in French)	24/03/2017	https://www.cnil.fr/fr/reglement-europeen-consultation-sur-le-profilage-consentement-notification-de-violations



THE MEMBER STATES' CORNER

UK – Written question on Data Transfers between the EU and the UK

Matt Hancock MP, Minister of State responsible for digital and culture policy at the Department for Culture, Media and Sport answered a written question this week on the issue of Data Protection, specifically; what discussions he has had with the relevant European Commissioner on an adequacy decision for the protection of data transferred between the EU and the UK.

His response was as follows:

“ As part of plans for the UK’s exit from the EU, the Government will be seeking to ensure that data flows between the UK and the EU are uninterrupted, and will be considering all the available options that will provide legal certainty for businesses and citizens alike. Whilst negotiations to leave the EU have not begun, it would be inappropriate to speculate in any detail as to what arrangement we will seek to put in place. “

For more information : <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-02-07/63548>

France: CNIL consults on 3 new items of the GDPR

On 23rd February, the French National Data Protection Authority CNIL launched a new consultation phase on 3 key elements of the GDPR:

- profiling
- consent
- data breach notifications

This consultation (in French) is open to any interested parties and will feed into the practical guidelines that the G29 will elaborate on these 3 key issues of the GDPR. The consultation is running until 24.03.2017 and available on the CNIL web site : <https://www.cnil.fr/fr/reglement-europeen-consultation-sur-le-profilage-consentement-notification-de-violations>



FEBIS– Federation of Business Information Services

Benefiting from the opening of markets within Europe and overseas, world-wide business has experienced substantial growth. As business grows so does the demand for business information, in particular, intelligence for cross-border business activities.

In 1973, leading European credit information agencies joined forces to form the Federation of Business Information Services FEBIS (initially known as FECRO), with its registered office in Frankfurt. Today, FEBIS has developed into a sizable organization comprising more than 60 full Members from all over the world involved in providing Business Information and Debt Collection services of National and International importance.

Supported by a combined workforce of more than 20,000 staff, FEBIS Members generate over 180 million Business Information and Consumer reports annually for over 500,000 organizations, providing these clients with invaluable business support. Aggregate sales turnover **of FEBIS Members is in excess of €2.5 Billion.**

As the industry association, FEBIS strives to look after common interests of its members. While monitoring new legislation like data protection laws and insolvency laws, FEBIS also oversees and the application of public sources and information.