



COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

MEETING OF THE FINANCIAL SERVICES COMMITTEE

VIDEOCONFERENCE, 24-25 JUNE 2020

JOINT REPORT

The third meeting of the CETA Financial Services Committee took place by video conference on 24 and 25 June 2020.

Canadian participants included officials from: the Department of Finance Canada; the Office of the Superintendent of Financial Institutions; the Bank of Canada; the Financial Consumer Agency of Canada; the Canada Deposit Insurance Corporation and Global Affairs Canada.

The EU was represented by officials from: the European Commission's Directorate General for Financial Stability, Financial Services and Capital Markets Union and Directorate General for Trade; the European Supervisory Authorities (the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority); the Single Resolution Board; the European Central Bank (Banking Supervision) and the Delegation of the European Union to Canada.

Priorities

The discussion on day 1 (24 June) was dedicated mostly to the Covid-19 crisis. Both sides presented an overview from a financial services perspective of their respective responses to the crisis as well as their regulatory and policy priorities going forward. This was complemented by a discussion on the impact of the Covid-19 crisis from a global perspective. It is notable that the overall response to the Covid-19 crisis has been broadly similar, with an emphasis from both jurisdictions on quick and decisive actions, coordinated with domestic and foreign regulatory partners.

The discussion on day 2 (25 June) focussed on digital finance and sustainable finance. Both topics are priority policy areas for each jurisdiction, the importance of which has grown following the Covid-19 crisis.

Covid-19 Financial Sector Response and Recovery

Participants on the EU side outlined the unprecedented number of policy measures undertaken at national and EU level. The Bank of Canada presented an overview of its 2020 Financial System Review. The Office of the Superintendent of Financial Institutions provided an update from a prudential perspective. A key takeaway was that a combination of strong financial institutions and a coordinated aggressive policy response has promoted the resilience of the Canadian financial system and mitigated income losses for

households and businesses. It was notable that the swift and coordinated EU response to the crisis had many parallels with the Canadian response.

International Developments

Both sides noted the excellent relationship between the EU and Canada at the international level, including at the G20 and Financial Stability Board. In the context of the Covid-19 crisis, working together to share best practices and experiences to mitigate the impact of the pandemic is of particular importance. Both sides agreed on the importance of working in a coordinated manner to meet challenges and steer the global economy to recovery. They also discussed recent bilateral and multilateral developments, including discussions regarding transfer of financial data.

Regulatory and Policy Priorities

This session provided an opportunity to develop a deeper understanding of both sides' regulatory and policy priorities in light of the Covid-19 crisis. The European Commission updated Canada on the European Commission's strategic priorities including Anti-Money Laundering / Counter Terrorist Financing and Capital Markets Union. The European Commission presented its action plan for a comprehensive Union policy on anti-money laundering. Canada noted the importance of working together on these issues and noted its recent changes to update and expand its regulatory framework. Participants also exchanged views on regulatory responses to reinforce transparency of beneficial ownership and address money laundering risks posed by non-financial intermediaries.

Digital Finance

Participants exchanged updates on their respective approaches to stablecoins, data flows, and open banking. Canada updated on progress of its proposed Retail Payments Oversight Framework. Similarly, the European Commission updated on initiatives in the digital finance sphere including the Digital Finance Strategy, the Retail Payments Strategy, as well as the crypto assets and the digital operational resilience legislative proposals. Both sides noted their shared interest in many of the topics and look forward to continued close engagement both bilaterally and in multilateral fora going forward.

Sustainable Finance

The European Commission presented the state of play of the progress and adopted measures from the 2018 Action Plan on Financing Sustainable Growth, the EU Taxonomy Regulation, and the work of the Technical Expert Group on Sustainable Finance. The European Commission explained the rationale and objectives of the EU's renewed Sustainable Finance Strategy including how sustainable finance can contribute to a Green Recovery. Both sides noted the importance of the International Platform for Sustainable Finance (IPSF).

Canada noted that sustainable finance has an important role in Canada's plan to achieve net-zero emissions by 2050. Canada noted the work of the Expert Panel on Sustainable Finance, which released its final report in June 2019, and highlighted some of Canada's recent efforts to promote sustainable growth, including public support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) standards and the development of a transition finance taxonomy. There was also discussion on the role sustainable finance policy can play to support ongoing economic recovery efforts.

Conclusion

Both sides recognised the importance of the Financial Services Committee as a forum to build and maintain strong bilateral relationships and to enable collaboration on key issues that affect the financial services sector. They expect to meet again in the summer of 2021. In the interim, officials will follow up bilaterally, as appropriate, on topics discussed in this forum.