

TERMS OF REFERENCE

Corporate Finance Standing Committee

1. ESMA achieves its mission to enhance investor protection and promoting stable and orderly financial markets through four activities: (i) assessing risks to investors, markets and financial stability, (ii) completing a single rulebook for EU financial markets, (iii) promoting supervisory convergence and (iv) supervising specific financial entities.
2. The ESMA Regulation¹ states that ESMA shall act within the powers conferred by this Regulation and among others within the scope of Directive 2003/71/EC (the Prospectus Directive) and 2004/109/EC (the Transparency Directive) and in the field of activities of market participants in relation to issues not directly covered in those Directives including corporate governance (e.g. Directive 2007/36/EC - the Shareholder Rights Directive) and takeover bids (Directive 2004/25/EC), provided that such actions are necessary to ensure the effective and consistent application of Union Law in the area of ESMA's competences (cf. Article 1(3) of Regulation 1095/2010).
3. In order to fulfil its mission the Board of Supervisors has established the Corporate Finance Standing Committee. The Terms of Reference cover the responsibilities and tasks of this group and the Procedures for ESMA groups (ESMA/2011/BS/236rev2) set out the rules concerning its structure, governance and working methods.

Responsibilities

4. In line with the ESMA 2016-2020 Strategic Orientation, (ESMA/2015/935), the Corporate Finance Standing Committee contributes to ESMA's mission by addressing issues related to the areas mentioned above in paragraph 2:
 - *Assessing the Risks to Investors, Markets and Financial Stability:*
 - o *Facilitating early identification of risky behaviours and developments through the exchange of information and sharing of experiences in detection and monitoring of practices notably related to the implementation of the prospectus regime and the other areas that fall within the remit of the CFSC;*
 - *Completing a Single EU Rulebook for EU financial markets through the:*
 - o *Development of technical standards when empowered to do so;*

¹ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority) amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC

- *Delivery of technical advice to the European Commission in accordance with legislative mandates or requests and responding to public consultations from the EC as deemed appropriate.*
- *Promoting supervisory convergence through:*
 - *Preparatory implementation work in relation to the directives in the CFSC remit;*
 - *Development of and follow-up on thematic studies, supervisory briefings, methodological frameworks, good practices, Q&As, common approaches, etc.;*
 - *Participate to the organisation and undertaking of peer reviews and issuing guidelines in the areas of transparency and prospectus;*
 - *Facilitation of on-going exchanges of experiences and changes in national legislative or supervisory frameworks via e-mail, conference calls, meetings and trainings/seminars in all four areas.*
- 5. In line with ESMA's product monitoring obligation under Article 39 MiFIR and its product intervention powers under Article 40 and 43 MiFIR, the Corporate Finance Standing Committee shall refer any potential threats that are relevant to ESMA's objectives of ensuring investor protection, orderly functioning and integrity of financial/commodity markets and to stability, to the relevant Standing Committee.
- 6. The Corporate Finance Standing Committee shall liaise and coordinate with other relevant groups reporting to the Board of Supervisors where its activities relate or are complementary to those of other groups, especially the Corporate Reporting Standing Committee.

Structure and governance

- 7. The responsibilities of the Chair, rapporteur and members of the Corporate Finance Standing Committee are as set out in the Procedures for ESMA groups.
- 8. Permanent or temporary groups reporting to the Standing Committee may be set-up when required in line with the Procedures for ESMA groups.
- 9. The Corporate Finance Standing Committee has established a Consultative Working Group. The Corporate Finance Standing Committee can – where appropriate – and in liaison with the rapporteur of the relevant Standing Committee consult other Consultative Working Groups.
- 10. The Corporate Finance Standing Committee has established four permanent working groups each with its own terms of reference:
 - The *Prospectus Operational Working Group* (PD-OWG) developing and promoting common supervisory approaches and practices across EEA Member States in the area;
 - The *Transparency Operational Working Group* (TD-OWG) developing and promoting common supervisory approaches and practices across EEA Member States in the area;



- The *Corporate Governance Advisory Group* (CGAG) monitoring regulatory developments relating to corporate governance; and
 - The *Takeover Bids Network* (TBN) with a primary focus on exchanging information on practices and application of the Takeover Bids Directive including development of guidance in the context of fostering a common supervisory culture across the EEA in the area. Any work to be undertaken in the area of takeover bids will be done so with the involvement of the TBN. Furthermore, the TBN has a right of self-initiative on issues related to the Takeover Bids Directive.
11. The Corporate Finance Standing Committee will meet on a regular basis as required in order to deliver ESMA's (multi-) annual work programme. Meetings of substructures will be organised as necessary to enable the Standing Committee to fulfil its tasks.

Review

12. The Terms of Reference will be reviewed every two years by the Board of Supervisors.