

TERMS OF REFERENCE

Market Integrity Standing Committee (MISC)

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. According to Regulation 1095/2010 of the European Parliament and Council, The ESMA Regulation¹ states that ESMA shall act within the powers conferred by this Regulation and among others within the scope of Regulation (EU) No 596/2014 on market abuse (MAR), Regulation 236/2012 (SSR), Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (Benchmark Regulation; BMR) and any further legally binding Union act which confers tasks to ESMA on market integrity matters or any other Union act for which ESMA might be consulted on related matters.
3. In order to fulfil its mission the Board of Supervisors has established the Market Integrity Standing Committee (MISC). The Terms of Reference cover the responsibilities and tasks of this group and the Procedures for ESMA groups (ESMA/2011/BS/236rev3) 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 Market Integrity Standing Committee contributes to ESMA's mission by promoting market integrity of the financial markets and facilitating exchange of information, operational cooperation and coordination of surveillance and enforcement actions in the fields of market abuse, short selling and benchmarks between national competent authorities as well as with other supervisory authorities where relevant. In particular by:
 - *Assessing Risks to Investors, Markets and Financial Stability:*
 - o Facilitating the early identification of risky behaviours through the exchange of information and the sharing of experiences in detection and market monitoring practices notably in the field of market abuse, benchmarks and short selling;
 - *Promoting Supervisory Convergence:*

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

- Contributing to the consistent application of the market abuse, short selling and benchmark regimes and related requirements for market participants in particular by sharing experiences gathered in the course of the supervisory or enforcing activity, drafting and submitting to the Board of Supervisors relevant material to promote supervisory convergence in those areas;
 - Facilitating co-ordinated action and contributing to the consistent application of the market abuse, short selling and benchmark regimes and related requirements for market participants;
 - Promoting the building of common culture on market integrity supervision and enforcement, through the enhancement of supervisory convergence and exchange of supervisory practices notably in the field of market abuse, benchmarks and short selling;
 - Facilitating co-ordinated and consistent enforcement action;
 - Promoting and facilitating operational cooperation and exchange of information for surveillance, investigation and enforcement purposes on market abuse, including the manipulation of benchmarks, and infringements of the SSR;
 - Promoting activities for developing and improving cooperation with third country jurisdictions in matters related to market integrity investigations.
- *Completing a Single Rulebook for EU financial markets:*
- Developing technical advice and reports to the European Commission in relation to the legislative acts within its scope including the reports on their application;
 - Drafting or revising technical standards under MAR, the SSR and the Benchmark Regulation; and
 - Preparing any other additional input to the European Commission where necessary.
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 Market Integrity Standing Committee will put in place means to identify potential investor protection concerns, threats to the orderly functioning and integrity of financial/commodity markets and to the stability of the financial system and, where appropriate, assess them in accordance with the agreed methodology and procedures or refer them to another committee for such assessment.
6. The Market Integrity 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.



Structure and governance

7. The responsibilities of the Chair, rapporteur and members of the Market Integrity Standing Committee are as set out in the Procedures for ESMA groups.
8. Permanent or temporary groups reporting to the Market Integrity Standing Committee may be set-up when required in line with the Procedures for ESMA groups.
9. The Market Integrity Standing Committee may establish a Consultative Working Group. The Standing Committee can – where appropriate – and in liaison with the rapporteur of the relevant Standing Committee consult other Consultative Working Groups.
10. The Market Integrity 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.
11. The Market Integrity Standing Committee's meetings will be organised to include operational and policy discussions on both enforcement and market surveillance (topics and actual cases), allowing for the presence of dedicated experts in both areas of discussions as needed. These discussions can be supplemented by organising ad hoc workshops on particular technical issues of common interest, the results of which will be reported to the Standing Committee.
12. The Market Integrity Standing Committee may, where appropriate, develop procedures for the operation of ad-hoc groups set to coordinate cross-border investigations affecting several jurisdictions.

Review

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