Terms of Reference
Data Standing Committee

1. ESMA’s mission is to enhance investor protection, promote orderly financial markets and safeguard financial stability, by (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. In order to fulfil its mission the ESMA Strategy 2023-2028\(^1\) sets out three strategic priorities: (i) fostering effective markets and financial stability, (ii) strengthening supervision of EU financial markets, and (iii) enhancing protection of retail investors) and two thematic drivers: (i) enhancing sustainable finance, and (ii) facilitating technological innovation and effective use of data.

3. ESMA shall act within the powers conferred by its establishing Regulation (ESMA Regulation or ESMAR\(^2\)) and among others within the scope of Directives 2004/109/EC\(^3\), 2009/65/EC\(^4\), 2011/61/EU\(^5\), 2014/65/EU\(^6\) and Regulations 648/2012\(^7\), 600/2014\(^8\), 2015/2365\(^9\), 2017/1131\(^10\), 2017/2402\(^11\), 2017/1129\(^12\).

4. In order to fulfil ESMA’s mission the Board of Supervisors has established the Data Standing Committee, thereafter DSC, pursuant to Article 41 of ESMAR as a permanent internal committee. These Terms of Reference specify its tasks, responsibilities, functioning and governance.

Tasks and responsibilities

5. The DSC contributes to ESMA’s mission by developing ESMA’s mandates related to all data reporting and information disclosure requirements under the respective sectoral legislation, including but not limited to the legislative acts listed in paragraph 3. The DSC

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\(^2\) ESMA Regulation No 1095/2010 of the European Parliament and of the Council
\(^3\) DIRECTIVE 2004/109/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC
\(^12\) Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
contributes to the activities described in paragraph 1 across the entire data lifecycle. In particular, it develops the requirements for data to be reported and information to be disclosed, contributes to designing efficient data reporting and information disclosure processes and provides business input for the setting up systems for effective analysis of this data. Equally, DSC works on the definition of actions and development of common practices aimed at maximising the use of the data and information by both – regulators and market participants.

6. In particular, the DSC contributes to the strategic priorities and thematic drivers of the ESMA Strategy 2023-2028 in the following ways:

- **Facilitating Effective Use of Data**
  a. The DSC develops and contributes to the consistent and timely implementation of the single rulebook on data reporting, record keeping and information disclosure, with the objective to ensure the alignment of various reporting obligations, to avoid double reporting, to minimise the burden of compliance and increase data use/re-use and data sharing. This covers, among others, requirements related to transaction reporting, derivatives and securities financing transactions reporting, reference data reporting, funds data reporting, trade disclosures, securitisation disclosures, issuers’ disclosures.
  b. The DSC contributes to the development of joint projects related to data collection, sharing and use by defining the business needs and assisting the implementation and operation of the systems.
  c. The DSC serves as a forum for sharing experience and knowledge on the use of data for supervisory activities and market monitoring, analytical methodologies and tools and practical applications of technologies to enhance supervisory practices.
  d. The DSC ensures the usability of data by implementing an efficient, outcome-focused, data-driven and risk-based approach to data quality, based on EU-wide monitoring, common KPIs, benchmarks and dashboards.
  e. The DSC develops regulatory requirements in respect of data collection, verification, data quality assurance, storage and related processes for all entities under ESMA remit, including the entities directly supervised by ESMA.
  f. The DSC serves as a forum to discuss strategic initiatives related to data and contributes to the implementation of the objectives of the ESMA Data Strategy, in particular with respect to the development of ESMA data hub, providing useful information to NCAs and market participants, increased sharing of knowledge, experience and tools related to data-driven supervision, increased collaboration on data and technologies, the development of more efficient reporting regimes and increased use of data in all activities.
  g. The DSC coordinates the EU position in international regulatory and standardisation bodies on the matters within its mandate.

- **Fostering Effective Markets and Financial Stability**
h. The DSC contributes to enhancing the transparency in financial markets through the development and implementation of ESMA’s mandates related to data reporting and disclosure, thus, facilitating dissemination and use of data. The DSC, in particular, develops the requirements related to data dissemination, e.g. by the Consolidated Tapes (CTPs).

- Strengthening Supervision of EU Financial Markets

i. The DSC supports the development of the data-driven supervisory culture through, among others, promoting the use of common methodologies, dashboards, modern tools, techniques and practices related to the use of data in supervision as well as through a holistic overview of data use, including for cross-border supervision. It also promotes data-driven supervisory convergence by identifying, based on quantitative indicators, common supervisory actions and by coordinating their implementation, in particular in the area of data and reporting.

- Enhancing protection of retail investors

j. The DSC contributes to providing investors with clear, reliable and understandable information, by ensuring user-friendly and efficient access to high quality regulated information, including in a machine-readable format, through its contribution to the development of the European Single Access Point (ESAP).

- Enabling Sustainable Finance

k. The DSC contributes to this objective by: taking into account ESG related needs when developing reporting requirements; reviewing disclosure requirements on ESG data that will be covered by ESAP; ensuring machine readability and interoperability of ESG data via the European Single Electronic Format (ESEF) and other tools which enable access to high-quality data by NCAs, foster sharing NCAs’ experience, and increase usability of ESG data by market participants.

- Facilitating Technological Innovation

l. The DSC serves as a forum to share the experience on the impact of RegTech and SupTech on the reporting related to supervisory processes, promotes the application of best practices and emerging technologies and coordinates joint efforts related to innovative approaches to the use of data and tools in (among others) supervision, e.g. related to the supervision of DLT-based infrastructures and use of artificial intelligence technologies to enable advanced data analytics.

m. The DSC contributes to the work related to exploring the use of new technologies, such as the machine-readable and executable reporting, to ensure cost-efficient reporting solutions and to reduce reporting burden.

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Cooperation

7. The work of the DSC is not expected to duplicate or overlap with the functions of the other ESMA’s Standing Committees, in particular the Issuers Standing Committee (ISC), the Markets Standing Committee (MSC), the Investment Management Standing Committee (IMSC), the Digital Finance Standing Committee (DFSC), the Risk Standing Committee (RSC), European Supervisory Policy Committee (ESPC) or the groups reporting to the Joint Committee that will remain responsible for addressing matters in the respective areas of EU legislation that fall within their respective remits. The DSC should, however, ensure close cooperation arrangements in particular with the IT Standing Committee (ITSC) notably on the topics of the implementation of systems and application of technologies related to data collection and analysis by defining business needs and requirements.

8. The DSC shall liaise and closely coordinate with the relevant sectoral and other horizontal SCs where its activities relate or are complementary to the activities of those SCs. To this purpose, when developing requirements for data reporting or information disclosure frameworks relevant to the mandate of the other SCs, the DSC shall liaise with the relevant sectoral and/or horizontal SCs to ensure i) the overall consistency and coherence of the policy work and ii) that the reporting and/or disclosure requirements developed by ESMA fulfil the policy objectives.

9. The DSC should also discuss technical positions in the scope of the SC to ensure a coordinated EU approach when ESMA and NCAs participate in international fora.

Powers

10. In line with ESMA’s product monitoring obligation under Articles 39 MiFIR and its product intervention powers under Article 40 and 43 MiFIR, the DSC shall refer any potential threats it identifies relevant to ESMA’s objectives of ensuring investor protection, orderly functioning and integrity of financial/commodity markets and to financial stability, to the relevant Standing Committee.

11. In accordance with the BoS Decision on Delegation to the Chair of the European Securities and Markets Authority the adoption of changes to technical instructions on IT and data matters on 2 October 2019, the DSC is tasked with the finalisation of changes to technical instructions on IT and data matters as described by these Terms of Reference or within already agreed policy lines. These documents are then approved by the ESMA Chair. The ESMA Board of Supervisors will be consulted for ex-ante approval of any draft document relating to governance issues or issues likely to represent a new significant policy orientation.

Composition

12. The DSC shall be composed of one person per Board of Supervisors member as principal member and one person as an alternate, each representing that Board member. In addition, a maximum of three persons or a functional email address can be
added to the e-mail distribution list. Participant to a SC meeting from the same NCA shall coordinate their positions in advance of the meeting.

13. Members of the DSC shall also coordinate their positions with those held by persons from the same NCA, who serve as members / alternates of sub-groups to the DSC.

14. Furthermore, representatives of the European Commission shall be appointed as observers to the DSC.

15. Members of the DSC shall have an adequate level of knowledge and skills and the mandate to be able to take a position on the matters discussed.

16. A member of the SC may, when a topic for discussion in the SC so requires, be accompanied by an expert from its Competent Authority for that part of the SC meeting. The SC member shall announce this intent to the Rapporteur in advance of the meeting.

Structure and governance

17. The responsibilities of the Chair, rapporteur and members of the DSC are as set out in the Procedures for ESMA groups, (ESMA/2011/BS/236rev2), which also set out the rules concerning ESMA Group’s structure, governance and working methods.

18. The DSC may set up permanent working groups or temporary task forces or project team/drafting teams reporting to the DSC if required by the work and in line with the Procedures for ESMA groups.

19. The DSC has established the following permanent working groups each with their own terms of reference:

   • The Reporting Working Group (RWG), established to address in particular the mandates related to, for example, Securitisation and Trade Repositories, Investment Funds and MiFiR.

   • The Disclosure Working Group (DWG), established to address in particular the mandates related to publicly disclosed data, for example, issuers’ disclosure data including Prospectus and European Single Electronic Format (ESEF).

   When undertaking their tasks, both working groups should promote the use of data and ensure its usability, among others, by all stakeholders.

20. The European Single Access Point Task Force (ESAP TF), that reports jointly to the DSC and the ITSC, has been established to address in particular all the issues related to the implementation of ESAP.

21. The DSC will meet on a regular basis as required in order to deliver its tasks under ESMA’s (multi-)annual work programme. Meetings of substructures will be organised as necessary to enable the DSC to fulfil its tasks.

Working methods

22. The working methods will follow the Procedures for ESMA groups as described in paragraphs 31 and following.
23. In addition, the members of the DSC shall consider the following working methods and procedures in order to ensure that the DSC can devote sufficient time for matters of strategic relevance.

24. Documents prepared by the working groups and temporary task forces or project/drafting teams which require agreement or need to be raised to the attention of the DSC, and that were supported by all WG/task forces members, will be submitted to the DSC as B-items and will hence not be subject to discussion unless requested by at least one DSC member or ESMA staff ahead of the relevant meeting.

Confidentiality

25. All members of the DSC are under the obligation to respect confidentiality as per paragraph 30 of the Procedures for ESMA Groups.

Review

26. The Terms of Reference will be reviewed at least every two years by the Board of Supervisors.