

## DECISION OF THE BOARD OF SUPERVISORS

### Rules of procedure

#### The Board of Supervisors

**Having regard** to 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<sup>1</sup> (the “Regulation” and “ESMA”) and in particular Articles 40 to 44 of the Regulation,

#### Whereas

- (1) In order for the Board of Supervisors to give guidance to the work of ESMA, take the decisions and fulfil the other tasks given to it under Article 43 of the Regulation, and to fulfil the requirements of Article 44 of the Regulation, it is necessary for the Board of Supervisors to adopt rules of procedure.
- (2) In line with recital 52 of the Regulation, representatives of the Commission, the European Systemic Risk Board, the European Insurance and Occupational Pensions Authority and the European Banking Authority participate in the Board of Supervisors as observers.
- (3) It is desirable to clarify the status of materials issued by the Committee of European Securities Regulators (“CESR”), taking account of the provisions of the Regulation concerning ESMA’s status as legal successor of CESR and its task of taking over all existing and ongoing tasks from CESR.

#### Has adopted this decision:

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<sup>1</sup> OJ L 331, 15.12.2010, p. 84.



## **Article 1 – Composition**

### *Members*

- (1) The Board of Supervisors shall be composed of the following (each a “Member”):
  - (a) ESMA’s Chairperson who shall be non-voting;
  - (b) the heads of the national authorities competent for the supervision of financial market participants in each Member State (each a “Voting Member”);
  - (c) one representative of the Commission who shall be non-voting;
  - (d) one representative of the European Systemic Risk Board who shall be non-voting;
  - (e) one representative of the European Banking Authority who shall be non-voting; and
  - (f) one representative of the European Insurance and Occupational Pensions Authority who shall be non-voting.
- (2) In Member States where there is more than one authority responsible for the supervision according to the Regulation, those authorities shall agree on a common representative. Nevertheless, when an item to be discussed by the Board of Supervisors does not fall within the competence of the national authority being represented by a Member, that Member may bring a representative from the relevant national authority, who shall be non-voting.

### *Observers*

- (3) The Board of Supervisors may decide to admit additional observers and invite experts.
- (4) In accordance with Article 75(2) of the Regulation, representatives of third countries shall be entitled to attend Board of Supervisors meetings as an observer under the relevant provisions of any agreement concluded with the Union providing for such representation. Such representatives shall not attend any discussions relating to individual financial market participants, except where there is a direct interest.
- (5) Observers may include any State which has applied for membership of the European Union, on condition that the accession negotiations have been successfully completed.

### *Executive Director*

- (6) The Executive Director participates in meetings of the Board of Supervisors without the right to vote.

### *Advisers*

- (7) Members and observers may each be accompanied at meetings of the Board of Supervisors by one adviser. The Chairperson and Executive Director may be assisted by other ESMA staff.



### *Notification of documents*

- (8) The Chairperson shall maintain a list of the Members and observers and of alternates nominated in accordance with Article 5(9). Members and observers shall notify the Chairperson of the email addresses to which notifications required by these rules of procedure shall be sent and shall inform the Chairperson of any necessary change.

### **Article 2 – Tasks**

- (1) The Board of Supervisors shall have the tasks specified in Article 43 of the Regulation and any other tasks provided for in Union legislation.
- (2) The Board of Supervisors shall, in accordance with Article 45(1) of the Regulation, elect the members of the Management Board. The Board of Supervisors shall adopt a decision specifying the process for such election.

### **Article 3 – Chairmanship and Vice-Chairmanship**

- (1) Meetings of the Board of Supervisors shall be chaired by the Chairperson.
- (2) The Board of Supervisors shall elect from among its Voting Members an alternate (the “Vice-Chairperson”). The Vice-Chairperson shall not be elected from amongst the members of the Management Board. The Vice-Chairperson shall carry out the functions of the Chairperson in his absence.
- (3) The first election shall take place after the Board of Supervisors adopts these Rules of Procedure. Subsequent elections shall take place at a meeting preceding by at least two months the expiry of the Vice-Chairperson’s term of office or the date on which the position is expected to fall vacant. Where the position falls vacant unexpectedly, an election shall take place within three months.
- (4) The term of office of the Vice-Chairperson shall be two and a half years unless elected to fill a vacancy in the office in which case it shall be the remainder of the predecessor’s term. The term of office shall in any event expire on ceasing to be a member of the Board of Supervisors. The term of office may be renewed once.
- (5) If both the Chairperson and the Vice-Chairperson are absent or unable to attend a meeting, those Members present shall elect a Member to chair the meeting.

### **Article 4 – Decision making procedures**

#### *Quorum*

- (1) In order for the Board of Supervisors to vote, there shall be a quorum of two-thirds of the Voting Members.

#### *Voting*

- (2) Each Voting Member other than the Chairperson has one vote. The Vice-Chairperson shall not normally vote when carrying out the functions of the Chairperson but may, exceptionally, do so if his vote as a Member could not otherwise be exercised.



- (3) Decisions of the Board of Supervisors shall be taken by a simple majority of its Voting Members unless otherwise stated. Each Voting Member shall have one vote.
- (4) For acts relating to draft technical standards and guidelines and recommendations specified in Articles 10 to 16 of the Regulation and measures and decisions adopted on financial provisions under the third subparagraph of Article 9(5) of the Regulation and Chapter VI of the Regulation, the Board of Supervisors shall take decisions on the basis of a qualified majority of its Voting Members, as defined in Article 16(4) of the Treaty on European Union (“TEU”) and in Article 3 of the Protocol (No 36) on transitional provisions.
- (5) With regard to decisions in accordance with Article 19(3) of the Regulation, for decisions taken by the consolidating supervisor, the decision proposed by the panel referred to in Article 41(2) of the Regulation shall be considered as adopted if approved by a simple majority, unless it is rejected by Voting Members representing a blocking minority of the votes as defined in Article 16(4) TEU and in Article 3 of the Protocol (No 36) on transitional provisions.
- (6) For all other decisions in accordance with Article 19(3) of the Regulation, the decision proposed by the panel shall be adopted by a simple majority of the Voting Members according to the principle where each Voting Member has one vote.

#### *Written procedure*

- (7) Where appropriate, decisions may be taken by written procedure, on a proposal from the Chairperson circulated to the Board of Supervisors:
  - (a) stating the time and date by which votes must be cast;
  - (b) where, exceptionally, the period for casting votes is less than 10 calendar days, giving the reason for the short period;
  - (c) describing the key issues and whether the decision proposed is consensual or controversial;
  - (d) justifying the use of written procedure where it is used in relation to the adoption of draft technical standards; and
  - (e) providing any other material considered necessary for making the decision that has not previously been forwarded to the Board of Supervisors.
- (8) Votes on decisions being taken by written procedure shall be in written form and a failure to vote shall be considered a vote for the proposal.
- (9) The result of a written procedure shall be notified without delay to the Board of Supervisors.
- (10) Members and observers may ask the Chairperson to consider discussing at the next meeting of the Board of Supervisors aspects of an issue that has been the subject of written procedure. Such a request shall not affect the use or the result of a written procedure, but shall be without prejudice to the ability of the Board of Supervisors to amend or reverse its decision in a subsequent vote.



## **Article 5 – Meetings**

### *Convening meetings*

- (1) Meetings of the Board of Supervisors shall be convened by the Chairperson at his or her own initiative or at the request of one third of its Members. Invitations shall be sent to email addresses notified by each Member and observer to the Chairperson for this purpose.
- (2) Meetings of the Board of Supervisors shall normally be held at ESMA's premises. Meetings may be held by telephone or video conference call, or other technical means.
- (3) The date and place of future meetings shall normally be decided at meetings of the Board of Supervisors. Meeting dates and places that have not been decided in this way shall be notified by the Chairperson to the Board of Supervisors as soon as practicable.
- (4) When circumstances require, and provided a majority of the Members does not object, the Chairperson may change the date or place of a meeting. Notification of such change shall be given to Members no later than three weeks before the original or revised date of the start of the meeting, whichever is the earlier.
- (5) When a meeting is requested by one third of the Members, the Chairperson shall convene a meeting to take place within six weeks of receipt of the request, or as soon as practicable in urgent cases.
- (6) An agenda, accompanied by the relevant material for decision making, should be forwarded to the Board of Supervisors at least 10 days prior to a meeting. Material relating to a proposed decision to submit draft regulatory technical standards or implementing technical standards under Articles 10 or 15 respectively of the Regulation shall be forwarded to the Board of Supervisors at least 10 days prior to a meeting. Material shall be provided as soon as practicable in urgent cases.
- (7) The Board of Supervisors shall convene meetings with the Securities and Markets Stakeholder Group regularly, at least twice per year.

### *Attendance*

- (8) Members shall meet in person at least twice a year.
- (9) Each competent authority shall be responsible for nominating a high-level alternate from its authority, who may replace its Member, in case this person is prevented from attending or is carrying out the functions of the Chairperson in his absence.
- (10) For the purpose of acting within the scope of Directive 97/9/EC, Members may, where appropriate, be accompanied by a representative from the relevant bodies which administer investor compensation schemes in each Member State, who shall be non-voting.
- (11) Non-Voting Members and observers, with the exception of the Chairperson and Executive Director, shall not attend any discussions within the Board of Supervisors relating to individual financial institutions, unless otherwise provided for in Article 75 of the Regulation or in the acts referred to in Article 1(2) of the Regulation.



### *Agenda*

- (12) The Chairperson shall decide the agenda for each meeting.

### *Minutes*

- (13) The Secretariat shall prepare minutes of each meeting of the Board of Supervisors setting out the decisions taken with figures for the votes cast at each vote. The draft minutes shall be forwarded to Members and observers within two weeks of the meeting. Once approved by the Members, the minutes shall be signed by the Chairperson and forwarded to the Members and observers.

## **Article 6 – Code of conduct**

### *Independence*

- (1) When carrying out the tasks conferred upon the Board of Supervisors by the Regulation, the Chairperson and Voting Members shall act independently and objectively in the sole interest of the Union as a whole and shall neither seek nor take instructions from Union institutions or bodies, from any government of a Member State or from any other public or private body.

### *Confidentiality*

- (2) All proceedings of the Board of Supervisors shall be confidential. Anyone attending shall respect their confidentiality and shall comply with ESMA's internal rules of procedure concerning professional secrecy.

### *Transparency*

- (3) The decisions and minutes of meetings of the Board of Supervisors shall be subject to the provisions on access to documents in Article 72 of the Regulation and measures taken for its implementation.

### *Conflicts of interest*

- (4) Voting Members and their alternates shall disclose to the Board of Supervisors any conflict of interest which that individual may have and is aware of before the resolution of a matter to which that conflict relates. Such an individual shall not vote on a matter where that individual has a material conflict of interest.

## **Article 7 – Secretariat**

The Executive Director shall provide a secretariat and the appropriate administrative support to enable the Board of Supervisors to carry out its work.

## **Article 8 – Final provisions**

### *Correspondence*

- (1) All correspondence with the Board of Supervisors shall be addressed to ESMA at its headquarters.



*Review*

- (2) This decision shall be reviewed within one year of it entering into force.

*Entry into force*

- (3) These Rules of Procedure enter into force immediately and shall be made public.

*Transitional measures*

- (4) In accordance with Articles 8(1)(l) and 76(4) of the ESMA Regulation, ESMA takes over, as appropriate, all existing and on-going tasks from the Committee of European Securities Regulators (CESR) and is the legal successor of CESR. In particular, guidelines, recommendations, standards and any other Level 3 material issued by CESR continue in force until such time as they are re-adopted, replaced or revoked, having the status provided for under the Charter of the Committee of European Securities Regulators.

Done at Paris on 11 January 2011

Carlos Tavares  
Vice-Chair  
For the Board of Supervisors