

## TERMS OF REFERENCE

### Corporate Reporting Standing Committee (CRSC)

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 Regulation<sup>1</sup> states that ESMA shall act within the powers conferred by this Regulation and among others within the scope of Directive 2004/109/EC (the Transparency Directive) and in the field of activities of market participants in relation to issues not directly covered in that Directive including [...] auditing and financial reporting, provided that such actions are necessary to ensure the effective and consistent application of Union Law in the area of ESMA's competences.
3. In order to fulfil its mission the Board of Supervisors has established the Corporate Reporting Standing Committee (CRSC). 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 Reporting Standing Committee contributes to ESMA's mission by addressing issues related to financial reporting, audit, periodic reporting and storage of regulated information. In particular by:
  - *Promoting Supervisory Convergence in the accounting area through the:*
    - o Contribution to the consistent application of International Financial Reporting Standards (IFRS) in the European Union and the development of consistent approaches between national competent authorities undertaking enforcement responsibilities in the EU by ensuring the appropriate use of provisions included in the ESMA Guidelines on enforcement of financial information (ESMA/2014/1293) and other related activities necessary to achieve that objective;
    - o Monitoring the application of the Directive 2004/109/EC as amended by the Directive 2013/50/EU in relation to elements related to periodic financial

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<sup>1</sup> 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

information and, where relevant, in relation to non-financial information prepared in accordance with Directive 2013/34/EU as amended by Directive 2014/95/EU, particularly integrated reporting.

- Provision of advice to the European Commission on matters related to financial reporting and periodic financial information.
- *Completing a Single Rulebook for EU financial markets through the:*
  - Contribution to the set-up of high-quality accounting standards by providing enforcer's view on new pronouncements, including those from the International Accounting Standards Board (IASB), the IFRS Interpretations Committee and the European Financial Advisory Group (EFRAG) and active monitoring of the EU IFRS endorsement including the Accounting Regulatory Committee (ARC);
  - Preparation of the Draft Regulatory Technical Standards to specify the single electronic reporting format in which issuers listed on regulated markets should prepare annual financial reports from 2020 and to facilitate the access to regulated information at Union level;
  - Contribution to the successful implementation of the new audit requirements in accordance with ESMA's current and future responsibilities specified in the Regulation (EU) No 537/2014 (Audit Regulation), including monitoring of developments of International Standards of Audit (ISAs) by responding to pronouncements from the International Auditing and Assurance Standards Board (IAASB).
- 5. In line with ESMA's product monitoring obligation under Articles 39 MiFIR and its product intervention powers under Article 40 and 43 MiFIR, the Corporate Reporting 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 Reporting 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 Finance Standing Committee.

#### **Structure and governance**

7. The responsibilities of the Chair, rapporteur and members of the Corporate Reporting Standing Committee are as set out in the Procedures for ESMA groups.
8. Permanent or temporary groups reporting to the Corporate Reporting Standing Committee may be set-up when required in line with the Procedures for ESMA groups.
9. The Corporate Reporting Standing Committee has established a Consultative Working Group.
10. The Corporate Reporting Standing Committee has established the following three permanent working groups, each with its own terms of reference:



- The *European Enforcers Coordination Sessions* (EECS) develops and promotes common supervisory approaches and practices across EU Member States in the area of financial reporting;
  - The *IFRS Project Group* (IFRS PG) monitors regulatory developments relating to IFRS and prepares comment letters on the IASB, IFRS IC and EFRAG pronouncements;
  - The *Audit Working Group* (AWG) performs the necessary work to fulfil the responsibilities given to ESMA in the Audit Regulation and provides the securities regulator perspective on matters related to auditing.
11. The Corporate Reporting 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.
12. The Corporate Reporting Standing Committee is entitled to send letters or other appropriate documents specifically related to technical matters in relation to financial reporting to relevant external bodies, in the framework of its mandate or within earlier agreed policy lines. ESMA's Board of Supervisors will be consulted for ex ante approval of any draft letter document relating to significant issues and/or issues likely to represent a new policy orientation.

#### **Review**

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