

SUMMARY OF CONCLUSIONS

Board of Supervisors

Date: 12 April 2011
Time: 9:15 – 17:00h
Location: Hungarian Financial Supervisory Authority, Krisztina krt. 39, Budapest
Contact: carlo.comporti@esma.europa.eu T: +33 158 3643 24

The Chair welcomed Board Members to the Board of Supervisors meeting and thanked Members for placing their trust in him as ESMA's first Chair, and the HFSA as hosts for the hospitality received. The Chair noted that he looked forward to working together with the Executive Director-elect, Verena Ross, who would take up her position at the end of May.

No Items

1. Adoption of agenda ESMA/2011/BS/74 *for decision*

Decision: The agenda was adopted unamended.

2. Summary of conclusions of 22 February meeting ESMA/2011/BS/64a *for decision*

Decision: The summary of conclusions was approved subject to an amendment to point 13 to state that the collaborative tools proposal was not approved at the meeting (ESMA/2011/BS/64b).

3. Establishment of ESMA

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|---|---------------------------------------|------------------------|
| <input type="checkbox"/> Securities and Markets Stakeholder Group | ESMA/2011/BS/77
Annexes 1, 2, 3, 4 | <i>for decision</i> |
| <input type="checkbox"/> Structure of ESMA | ESMA/2011/BS/78 | <i>for discussion</i> |
| <input type="checkbox"/> Approval of draft 2012 budget | ESMA/2011/BS/79 | <i>for decision</i> |
| <input type="checkbox"/> Contributions to ESMA funding | ESMA/2011/BS/80 | <i>for information</i> |

Stakeholder Group

Fernando Restoy presented the report on the Securities and Markets Stakeholder Group's composition



prepared by the Task Force.

A vote was held to select the appropriate list, with List 2 gaining 9 votes, and List 3 17 votes.

Fernando Restoy confirmed that the proposal provided a mechanism for appointing new members where necessary from the lists of reserves proposed. It was confirmed that the reserves would not be used in cases of temporary absence.

The Board discussed how to encourage attendance at Stakeholder Group meetings by its members, in particular the proposal to remove members who fail to attend three meetings, and whether a warning and censure process would be more appropriate.

Decision: The Board adopted a decision to appoint the Stakeholder Group on the basis of List 3 proposed by the Task Force (Decision ESMA/2011/BS/108).

ESMA Structure

The Chair noted that it is an important year for ESMA which will need to grow, and that a Task Force co-chaired by representatives from the UK FSA and the AFM had presented a report to the Executive Director-elect and the Chair on ESMA's internal organisation in March. The Chair noted that he and the Executive Director-elect supported the document as a good basis for discussion and as a good starting point for changing ESMA's structure.

The Chair noted that the Management Board had discussed the proposals and that there would be a further discussion in that Board later in April. The proposals had also been shared with ESMA staff for their comments and the Chair had held a meeting with the Staff Committee.

The Vice-Chair and Gert Luiting (co-chair of the Task Force) presented the Task Force's report.

The Chair explained that the Management Board had discussed the following points:

- The extent to which supervision and policy-making should be combined or separated. While this concerns CRAs initially, direct supervision may be extended to other areas in future. The Management Board's preference was for combining the two areas.
- Imbalance in the size of two divisions, and proposals for moving some areas between the two policy divisions.
- The need for numbers in the organigram, particularly to understand ratios between management and non-management staff and how that is expected to change over time.
- Whether there should be open competition for team leaders.
- The timetable, assuming continued progress with the proposals.

The Chair noted that the Staff Committees comments concerned:

- Areas of the proposal that are not clear and will require further detail.



- Potential imbalance between the policy divisions.
- The span of control for the ED which appears wide given the number of direct reports.
- Unclear proposals for IT as regards the different roles of IT support and IT development supporting ESMA's supervisory tasks.
- The wording on nationality considerations.
- The ability of secondees to have team leader roles.

The Board of Supervisors discussed the proposals, including:

- Potential need for a Chief Operating Officer in future to support the Executive Director.
- The need for line of sight with supervisors in daily policy work, whatever structure is chosen.
- The need to balance supervisory tasks and policy-making given the impact on domestic supervision that allocating resources to ESMA may have.
- The need for clear links to other parts of the ESFS.
- Desire for the Chair and ED to have strong voices in the proposals given their responsibilities for running ESMA, and to have scope to adapt the proposals over time with the Management Board adopting a staff policy plan and leaving flexibility to the Chair and ED to determine the location of particular units or teams in consultation with the Management Board.
- Support for the legal function being separate from policy development of technical standards.
- Whether strategy and support should be 'upgraded' and further clarified as a function and whether two policy divisions are necessary or could be better balanced.
- The role of teams versus units.
- The need to ensure there are mechanisms for exchanging information and interacting within ESMA.
- The location of the support for the Committee for Financial Innovation given it requires both economic and policy inputs.
- If the policy divisions are rebalanced, the desirability of keeping the market integrity and cooperation roles together in line with the current standing committee structure.

Conclusion: The Chair took note of the comments, noting:

- In the short-term the CRA roles will remain combined, as although different types of people are involved in carrying out those roles, ESMA remains a small organisation.
- The proposal does not prejudice the outcome of the Article 9 Task Force.
- As regards the funding of national supervision and ESMA's standard-setting role, it is important for



ESMA to live up to the standard-setting role. If there is a budgetary issue that can be considered under the next agenda point.

- Figures would be included in the revised proposal, but particular allocations of tasks are not essential for the model which can change over time.
- A single policy division was considered too big in terms of span of control.
- The role of the legal team in relation to technical standards will be to assess the quality of the work from a legal perspective. Working procedures would be arranged to ensure appropriate engagement during the process.
- The model envisaged is that it is for the Chair and ED to determine ESMA's structure. Having received the Board's views, the revised proposals would be discussed in the Management Board, but not all of the document is for the Management Board to approve. Its focus is the staff policy plan so the discussion would be a high-level one with the remaining details to be determined by the ED and Chair.

Budget

The Acting Secretary General (ASG) presented the report, noting that the Management Board had approved the proposed budget and that the split of revenue contributions had been discussed, with acceptance that for 2012 it is unlikely that the split will change, but work would be carried out on the possibility of changes being made for 2013 including the need for coordination with the other ESAs which may be discussed in the Joint Committee.

Carlos Montalvo presented the discussions that EIOPA's Management Board and Board of Supervisors had had concerning the split of revenue contributions which included the potential risk of competent authorities being unable to provide the necessary level of funding. EIOPA's Management Board had agreed not to seek to amend the split, while the Board of Supervisors proposed asking for the ESAs to have an independent budget line, taking their budgets outside the Commission budget. This proposal was reflected in a speech given by Sharon Bowles MEP to EIOPA's Board of Supervisors.

Jonathan Faull explained that DG MARKT had defended the ESAs' interests in discussions with EC budgetary colleagues, but that the initial split is clearly 60/40 with the prospect of legislative review in 2014. Mr Faull advised that as ESMA is just starting its work, it would be better to establish a track record to demonstrate what resources are really needed, otherwise discussions could be counterproductive in not well substantiated and sufficiently prepared.

The Board discussed the proposal, including:

- The need for the legislator to amend ESMA's budget when it expects ESMA to carry out new functions.
- The original intention of the split had been to provide more independence which has not been the result, with the 60/40 split being intended just to be in place for the first year. Changing the split does not affect the overall level of resources ESMA is seeking.
- A request for the Commission to show constraint in funding ESMA since supervision will remain



mostly at national level in the foreseeable future, with ESMA's funds potentially draining national resources.

- The need for a mid-term budget plan.
- The increase in proposed mission expenditure, despite experience that 2011 expenditure levels to date have enabled money to be transferred to other budget lines, and whether the money could be moved to IT projects.

Jonathan Faull noted that there will be a new multi-annual financial framework from 1 January 2014, to be negotiated in 2013 which would lead to a debate about the size of the Union budget and, to some extent, allocation to policy projects within it.

The Chair noted uneasiness within the Board about ESMA's funding, and the need for a good case to be developed with the other ESAs if changes are to be proposed. The case for changes would be considered internally and within the Joint Committee, together with consideration of the right moment for external discussions.

Decision: The draft budget was approved (ESMA/2011/BS/79).

Contributions to ESMA funding

The ASG presented the report, noting that the Management Board had agreed to reimburse the reserves to CESR members and observers based on their contributions in 2010 so that the amounts go back to members rather than fall to be reimbursed under the 60/40 split if unused at the end of the year. The Management Board and Board of Supervisors would be informed on how reimbursement will be achieved. The ASG confirmed that the proposals assumed that Liechtenstein would be invited to participate in ESMA's work as an observer, but this was not intended to prejudice the Board's deliberations and the annex would be revised if necessary.

4. CEMA

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|--|-----------------|-----------------------|
| <input type="checkbox"/> Report by Carlos Alves | ESMA/2011/BS/81 | |
| <input type="checkbox"/> ESMA database (Proposal for the development of a statistical infrastructure for ESMA) | Annex 1 | <i>for decision</i> |
| <input type="checkbox"/> ESMA Risk Dashboard for financial markets | Annex 2 | <i>for discussion</i> |
| <input type="checkbox"/> CSDB database project | Annex 3 | <i>for decision</i> |
| <input type="checkbox"/> Mandate for work on retailisation | Annex 4 | <i>for decision</i> |
| <input type="checkbox"/> Report on risks, trends and vulnerabilities | Annex 5 | <i>for decision</i> |
| <input type="checkbox"/> Study on the relationship between CDS and bond prices | Annex 6 | <i>for decision</i> |

Carlos Alves presented his report and Annexes 1 to 3. The Chair noted that work on ESMA's ability to



gather intelligence is necessary given ESMA's responsibilities and role in the ESRB.

Francesco Mazzaferro thanked ESMA for its efforts in providing data to the ESRB and supported the approach proposed. Mr Mazzaferro explained that in the first half of the year two particular ESRB streams are relevant to ESMA, one on retailisation which ESMA is leading, and the second on the risk of low interest rates leading to a search for yield. In the second half of 2011 the Advisory Scientific Committee will work on other relevant issues: the shadow banking sector which is relevant to ESMA in relation to the scope for systemic risk being transferred from one part of the industry to another through regulatory arbitrage; interconnectedness which concerns banking exposures, use of payments information, and security of holdings. In addition there is work following a meeting with the IMF which raised potential risks in the strong development of corporate bonds and covered bonds in the US. The ESRB welcomes participation from all competent authorities in those workstreams.

The Board discussed the proposals, including:

- ESMA's obligation to participate in the ESRB and ESMA's key task of preventing systemic risk.
- The need for additional empirical evidence to support ESMA's analysis and views given the relative lack of data compared with the banking and insurance sectors.
- A desire for the risk dashboard to also reflect concentration of intermediaries in different markets and operational risk.
- Whether allocating 1/3 of the IT budget to the short-term database proposals would leave sufficient funds for other IT projects.
- The need for coordination with all Standing Committees and the Article 9 Task Force, giving time for consideration, and a proposal for governance arrangements in this area as regards the risk dashboard.
- ESMA should be identifying the right way to participate in the work of the ECB's CSDB project.
- The need for project management discipline and consideration of the legal powers to gather and transmit data, including national restrictions that might limit the ability to cooperate.
- Whether discussions should be postponed so there can be a wider debate in the light of the work of the Article 9 Task Force and to mitigate the risk of building different databases in different parts of ESMA.
- The level of resources required to analyse the data that will be available.
- The cost of the structured retail products data may suggest the workstream should be decided upon before acquiring the data, or seeing if ESRB needs the data for financial stability issues.
- Concerns that TREM indicates that long-term initiatives should be carefully considered given risks of non-harmonised data which is therefore difficult to analyse, including double counting due to lacking definitions of what constitutes "a transaction", and possible legal risk where data are used for other purposes than those for which they have been required on the national level. Other limitations including contractual issues concerning identifier codes and the lack of matching engine also limit use of the TREM data. However, it was also for ESMA to remove such consistency problems in order



to make use of the data shared.

- The need to distinguish the purposes for which data is collected: different data may be needed for financial stability and investor protection purposes, the different needs do not necessarily indicate duplication.
- Whether all of the long-term database proposals are necessary.
- Whether ESRB could have a coordinating role to ensure a clear division of responsibilities and that CEMA analyses should not duplicate work carried out elsewhere.
- Dealogic does not reflect Danish mortgage credit bonds correctly so should not be used for this purpose.

Carlos Alves noted the consensus on use of databases for short-term needs and the points made on the risk dashboard and stated that the proposals do not currently require additional human resources to produce the risk dashboard nor for the other proposals made. Production and approval of the risk dashboard, which is a living document, would be through CEMA. CEMA would take account of comments raised, but it would be undesirable to make comments during the written procedure where participants had had an opportunity to make those comments in previous rounds of comments. As regards the long-term proposals, in some cases there are legal obligations to set up the databases and the proposals are being considered now to ensure that their output is useful for systemic risk issues as well as to meet the legal requirements in the sectoral legislation.

Francesco Mazzaferro noted the distinction between issues of consumer protection and issues of financial stability is not always clear cut because the former can lead to the latter, as shown by the contribution of the US sub-prime mortgage market to the financial crisis.

The Chair concluded that production of the risk dashboard should include input from standing committees and that while there was broad support for the short-term data proposal, a lot of work will be needed in further developing the longer-term databases. There were clear recommendations that in developing further those the group goes back to standing committees and to national authorities to understand synergies.

Decision: The short-term proposal was adopted (covering the purchase of the Dealogic, Datastream, Eikon, Lipper, Lipper-Tass, HFR, Eureka hedge, Barclay hedge, EPFR and structuredretailproducts.com databases summarised on page 10 of ESMA/2011/BS/81 Annex 1), with CEMA to consider further the quality, legal and interaction issues raised in relation to the longer-term projects and return to the Board for further discussion. It was agreed not to participate in the CSDB project at this stage but to explore with the ECB how discussions can be continued. CEMA would revise the risk dashboard proposal, consult standing committees and consider how to resolve any timing problems.

Mandate on retailisation

The Board discussed the proposed mandate for work on retailisation, including:

- It would be important for the mandate to be constructed so that it is shared with the other key standing committees and the Article 9 Task Force and does not overlap with their work on conduct issues, and to recognise that the mandate is to explore the level or possible extent of systemic risk, rather



than to assume that it is present. The work should also be coordinated with the ESRB.

- CEMA should return to the Board of Supervisors and present findings on the extent of systemic risk so that the Board can consider the next steps before CEMA carries out further work.
- The focus of the work would be on measuring expected and realised performance of products.
- Concerns that the average volume figures provided indicate that some products cannot be cost-effective and appear to be created for the benefit of the distributor rather than investors. It would be important to take account of the fee element and margin of the products when looking at performance.

The Vice-Chair confirmed that there would be no duplication of the work of standing committees or the Article 9 Task Force, although the output of CEMA's work may be useful for their work. Competent authorities represented in those bodies participate in CEMA's work through their economist representatives in CEMA. It is important the standing committees and CEMA cooperate.

The Chair welcomed the attention being given to financial stability issues and concluded that there was broad support for the work but that it should focus on financial stability issues, ensure consistency with standing committees and the Article 9 Task Force and that there is no overlap with their work.

Decision: The mandate was adopted on the basis that it will provide for a clear focus on financial stability and be consistent and not overlap with work carried out elsewhere in ESMA, with findings on the extent of systemic risk presented to the Board before further work is carried out.

Report on risks, trends and vulnerabilities

Carlos Alves presented the report.

Decision: The report was adopted for publication subject to inclusion of final minor comments from the FSA, with Carlos Alves mandated to determine whether the changes required the report to be recirculated for approval.

Study on relationship between CDS and bond prices

Decision: The study was approved.

5. Investment Management SC

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| <input type="checkbox"/> Report by Giuseppe Vegas | ESMA/2011/BS/82 | <i>for decision</i> |
| <input type="checkbox"/> Discussion paper on ESMA's policy orientations on possible implementing measures under Article 3 of the AIFMD | Annex 1 | <i>for decision</i> |
| <input type="checkbox"/> Common approach to UCITS notification procedure | Annex 2 | <i>for decision</i> |
| <input type="checkbox"/> Policy orientations on ETFs and structured UCITS | Annex 3 | <i>for decision</i> |

Giuseppe Vegas presented his report.



The Board discussed concerns regarding the difficulties created by exchanging of very large documents by email under the UCITS notification procedure which could also create security issues. However, it was noted that the Regulation must be implemented by 1 July 2011 which does not provide time for delivering a more sophisticated solution such as a central file-sharing site operated by ESMA.

Giuseppe Vegas agreed to take into account in the work on ETFs and structured UCITS concerns that disclosure may not be sufficient and restrictions on distribution may be required.

Decisions: The discussion paper and notification procedure were agreed. It was confirmed that the final policy proposals on ETFs and structured UCITS would be submitted to a future Board meeting for final approval.

6. Credit Rating Agencies SC

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| <input type="checkbox"/> Report from Karl-Burkhard Caspari | ESMA/2011/BS/83 | |
| <input type="checkbox"/> Report from Boguslaw Budzinski | ESMA/2011/BS/84 | |
| <input type="checkbox"/> Operating model of supervision for credit rating agencies | Annex 1 | <i>for decision</i> |
| <input type="checkbox"/> Consultation paper on ESMA advice to the EU Commission on fees for CRAs supervision | ESMA/2011/BS/85 | <i>for decision</i> |

Karl-Burkhard Caspari presented his report and noted that he planned to stand down as chairman on 30 June 2011.

The Board discussed, in particular:

- concerns that the CRA Regulation requirements on equivalence could lead to significant difficulties in reliance on non-EU ratings, and possible mechanisms for mitigating the concerns, in particular possibilities for delaying the inability to use such ratings;
- the scope for changing ESMA's existing interpretation on endorsement, and the impact of such a change;
- the ability to extend use of ratings for up to six months, during which the US is expected to adopt its final rules and progress would be made in other third countries;

The Commission agreed to check the position on use of Article 24 of the CRA Regulation to extend the use of non-endorseable ratings and respond to Karl-Burkhard Caspari's report.

The Board discussed the desirability of national supervisors completing their application decisions by 1 July when ESMA takes over supervision, and the need for colleges to focus on the main relevant issues rather than carry out a detailed review. It was agreed to try and finalise the work by 1 July on a best efforts basis.

Decisions: The Board agreed to maintain the position on endorsement ESMA set out in consultation



paper ESMA/2011/97. The Board also agreed that, to avoid market disruption:

- ESMA and competent authorities should, where appropriate, use such flexibility as is available under the CRA Regulation to delay the effects of non-endorsement; and
- ESMA should inform capital markets in a timely way, in particular by publication as soon as possible of the guidelines on endorsement accompanied by a press release, to be approved by written procedure.

Operating model of supervision for credit rating agencies

Decision: The operation model was approved.

Fees advice

Jonathan Faull noted that he will be sending a letter to ESMA concerning fee advice. Maria Velentza said the Commission was happy with progress on the advice, but would like the background information that underpins the options considered in the advice although this can be provided on a separate timetable to the advice itself.

Guidelines on cooperation

The Board discussed the extent to which consultation and cost-benefit analysis should be carried out on guidelines on cooperation with mixed views expressed.

Conclusion: Cost-benefit analysis and consultation should normally be carried out, although consultation on cooperation arrangements between competent authorities and ESMA is not necessary.

Alexander Justham asked the Chair to confirm whether ESMA is sending a response to the Commission regarding CRA3. The Chair agreed to confirm the position to the Board of Supervisors.

7. ESMA-Pol

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| <input type="checkbox"/> Report by Anastassios Gabrielides | ESMA/2011/BS/86 | <i>for discussion</i> |
| <input type="checkbox"/> Letter to EBA regarding simultaneous publication of stress test results | Annex 1 | <i>for decision</i> |
| <input type="checkbox"/> Report on assessment of the changes in the regulatory framework in Liechtenstein | Annex 2 | <i>for decision</i> |
| <input type="checkbox"/> Proposal to invite Liechtenstein FMA as observer | ESMA/2011/BS/99 | <i>for decision</i> |

Anastassios Gabrielides presented his report.

Stress test results

Corinne Kaufman explained that EBA plans to follow a similar process to that adopted for the 2010 stress test. EBA will not publish the individual results but will republish results published by individual banks.



Publication would take place after markets have closed. EBA would be happy to consider the issue further, but it would be helpful if the issue for EBA to consider could be set out together with a proposed solution.

The Board discussed the issue, in particular:

- The scope for ESMA to provide assistance to the EBA in order to minimise the disclosure issues identified.
- Recognition that the key obligations for disclosure rest with firms, and for enforcement rest with securities and markets authorities.
- Appropriate types of action in the event of leaks leading to apparent price action.
- The need for a dedicated piece of work to consider future disclosures of this nature, not just this event.

Decision: ESMA-Pol was asked to revise the letter to the EBA in line with the discussion and circulate it for approval to the Board of Supervisors. ESMA-Pol should consider what additional guidance could be provided to EBA. While the letter would ideally have a wider circulation and address contingency plans, this would require additional work for which time is not available.

Liechtenstein

Anastassios Gabrielides presented ESMA-Pol's report.

The Board discussed the continued need for a Liechtenstein judge to agree to delivery of information to other supervisors, concerns that cooperation may not be available in practice, and providing observership for a fixed initial period.

Anastassios Gabrielides explained that the judicial requirement is considered a procedural one which would not enable the judge to disallow sharing of information based on the substance of the information, and that a fixed period of observership was not considered possible.

Decision: The Board adopted a decision inviting Liechtenstein to become an observer (Decision ESMA/2011/BS/99), and agreed to indicate in the invitation letter that continued progress would be expected.



8. Corporate Reporting SC

<input type="checkbox"/> Report by Fernando Restoy	ESMA/2011/BS/87	
<input type="checkbox"/> Governance Review IFRS Foundation Monitoring Board	Annex 1	<i>for decision</i>
<input type="checkbox"/> Equivalence of Chinese and Indian Accounting Standards with IFRS as endorsed in the EU	Annex 2	<i>for decision</i>
<input type="checkbox"/> Letter to the IASB on the enforceability of IFRS 8 – <i>Operating Segments</i>	Annex 3	<i>for decision</i>
<input type="checkbox"/> Country-by-Country Reporting	Annex 4	<i>for decision</i>

Fernando Restoy presented his report.

The Board discussed the draft Governance Review letter.

Fernando Restoy noted ESMA's/CESR's line that the main aim of accounting standards is to provide transparency and therefore the Monitoring Board should primarily be for securities supervisors. However, an objective and priority should be for ESMA to be an observer as it is an important authority. On funding, a pragmatic approach had been taken to recognise the need to accept voluntary funding in the short-term while a more stable approach is required longer-term. It was considered important for ESMA to be in the same group as its international counterparts such as the SEC and Japanese FSA. ESMA's position was to try to introduce flexibility in the Monitoring Board to reflect splits in responsibilities of regulation and supervision in different jurisdictions, including China.

Decision: It was agreed to update the Governance Review letter to reflect the Chair's conclusions and to circulate it for written approval. The remaining documents were approved.

9. Investor Protection and Intermediaries SC

<input type="checkbox"/> Report by Jean-Paul Servais	ESMA/2011/BS/88	
<input type="checkbox"/> Revision to IPISC 2011 work programme	Annex 1	<i>for decision</i>
<input type="checkbox"/> Terms of Reference for IPISC 2011 Task Force	Annex 2	<i>for decision</i>
<input type="checkbox"/> Terms of Reference for IPISC Operational Working Group	Annex 3	<i>for decision</i>
<input type="checkbox"/> MiFID Q&A	Annex 4	<i>for decision</i>

Jean-Paul Servais presented his report.

Mr Servais noted that a question had arisen regarding the status of supervisory briefings, in particular whether they constitute Article 16 guidelines or recommendations and whether they require consultation.

There were different views on whether consultation should be required, in particular it was considered that if there is an impact on supervised firms then in principle there should be consultation. To discuss the issue properly it would also be necessary to have more information on what 'supervisory briefing' might



mean.

Decision: The work programme revision, terms of reference and MiFID Q&A were adopted.

10. Review Panel

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| <input type="checkbox"/> Report by Jean Guill | ESMA/2011/BS/89 | |
| <input type="checkbox"/> Report on Transparency Directive options, discretions and more stringent requirements | Annex 1 | <i>for decision</i> |
| <input type="checkbox"/> Review Panel 2011 work programme | Annex 2 | <i>for discussion</i> |

Jean Guill presented his report.

Antoniya Gineva and Alexander Justham asked for additional comments to be incorporated into the Transparency Directive report. László Balogh asked for the names of individuals involved in producing the report to be included.

The Chair noted that it had not been ESMA policy to include names, but the suggestion could be taken into account when the policy is reconsidered.

Decision: The report was approved subject to inclusion of the changes raised during the discussion in the report.

Suggestions for work programme

Jean Guill asked for suggestions for the Review Panel's 2011 work programme, in particular proposals for peer reviews.

Jonathan Faull urged ESMA to have proper regard to EC timing constraints when making comments or reports in a timeframe that maximises their chances of being taken into account in legislative proposals.

Jean-Paul Servais suggested that its resources be focused on some short-term targeted peer reviews.

Jean Guill noted that the MAD work that was concerning the EC was a mapping of the actual use of sanctions and it was not clear how past use of sanctions could negatively interfere with review proposals from the EC, although questions around timing and publication could be considered further.

Conclusion: The Chair invited members of the Board to provide written input to Jean Guill in time for the Review Panel meeting on 6 May.



11. IT Management and Governance Group

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| <input type="checkbox"/> Report by Arja Voipio | ESMA/2011/BS/90 | <i>for decision</i> |
| <input type="checkbox"/> IT collaborative tools | Annex 2 | <i>for decision</i> |
| <input type="checkbox"/> Project Presentation Document | Annex 3 | <i>for decision</i> |

The ASG presented Arja Voipio's report.

The Board discussed the report, questioning the availability of funding for the proposed projects and the priority to be given to video conferencing. Pavell Hollmann asked for stronger cooperation between the ESAs, noting that he has asked for his letter on this topic to be discussed by the Joint Committee, and suggested that each project needs a business owner.

The Chair noted that it is valid to look for synergies between the three ESAs, but historical decisions can make this difficult in the short-term.

Decision: The paper would be postponed to the next Board meeting given the financial and prioritisation issues raised.

12. Post-Trading SC

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| <input type="checkbox"/> Report by Jean-Pierre Jouyet | ESMA/2011/BS/91 | <i>for information</i> |
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The Board noted the report.

13. Secondary Markets SC:

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| <input type="checkbox"/> Report by Alexander Justham | ESMA/2011/BS/92 | <i>for information</i> |
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The Board noted the report.

14. Article 9 Implementation Task Force

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| <input type="checkbox"/> Report by Jean-Paul Servais | ESMA/2011/BS/93 | <i>for information</i> |
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The Board noted the report.

15. Corporate Finance SC

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| <input type="checkbox"/> Report by René Maatman | ESMA/2011/BS/94 | <i>for information</i> |
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Giuseppe Vegas asked for further detail to be included on simplification of prospectuses and why the KID is not used in other areas. The Chair asked for comments to be coordinated with René Maatman.



16. Report by Chair, Acting Secretary General and Interim Executive Director Oral report *for information*

The Chair reported that he had taken up his position on 1 April and had started to have interviews with external parties and take up invitations to speak, including at the next day's ISDA Conference in Prague. The Vice-Chair had represented ESMA at the recent informal ECOFIN meeting held in Gödöllő where there had been a presentation of the three ESAs and ESRB.

The ASG reported on the Management Board meeting, noting:

- a discussion of access to documents and achieving common position with the other ESAs;
- agreement on budget transfers to cover expenses on works on ESMA's new premises;
- adoption of HR and financial implementing rules following EC agreement;
- adoption of rules on data protection after consulting the European Data Protection Supervisor;
- discussion on the appointment of the Board of Appeal which is awaiting adoption of the shortlist by the EC on 20 April;
- circulation of a draft plan of the Management Board's obligations which will be considered further with a broader strategic discussion on that Board's role.
- the Board had received an update on the headquarters agreement negotiations.

The Chair announced that Fernando Restoy would step down as Chair of the Corporate Reporting Standing Committee due to his responsibilities in IOSCO. The Chair would take sounding from Board members as to candidates for a replacement Chair and invited interested members to contact him.

The Chair thanked the Vice-Chair for his work in establishing ESMA and his previous work in CESR.

Jonathan Faull announced that on 16 April a reshuffle in DG MARKT will result in Maria Velentza taking up a position as head of unit in a new unit dealing with financial stability and crisis management, while retaining her responsibilities for CRAs and Ugo Bassi taking over responsibility for the remaining areas. Mr Faull thanked Ms Velentza for the very important part she had played in developing EU policy in the areas for which ESMA has responsibilities.

The Chair thanked Hans Hoogervorst for his contributions to ESMA and the HFSA as hosts for the Management Board and Board of Supervisors meetings.

17. Future meetings *for information*

- 25 May 2011 (Paris)
- 12 July 2011 (Paris)
- 20 September 2011 (Warsaw)



Steven Maijoor
Chair



Participant list

Voting Members

Member State	Voting Members	Accompanying Person / People
Belgium	Jean-Paul Servais	Jean-Michel Van Cottem
Bulgaria	Antoniya Gineva	Dimitar Koychev
Czech Republic	Pavel Hollmann	-
Denmark	Julie Galbo	Ida Bo jorgensen
Germany	Karl-Burkhard Caspari	Philipp Sudeck
Estonia	Kilvar Kessler	-
Ireland	Gareth Murphy	Daniel Lawlor
Greece	Anastassios Gabrielides	-
Spain	Fernando Restoy	Antonio Mas
France	Thierry Francq	Xavier Tessier
Italy	Giuseppe Vegas	Nicoletta Giusto
Cyprus	Georgios Charalambous	-
Latvia	Sandis Andersmits	-
Lithuania	Vaidas Cibas	-
Luxembourg	Jean Guill	-
Hungary	Károly Szász	László Balogh
Malta	Andre Camilleri	-
Netherlands	Hans Hoogervorst	Max Simonis
Austria	Kurt Pribil	Andrea Kuras-Goldmann
Poland	Ilona Pieczynska-Czerny	Jaroslav Nowacki
Portugal	Carlos Tavares	Carlos Alves Manuel Ribeiro da Costa



Romania	Gabriela Anghelache	Raluca Tariuc
Slovenia	Sabina Bester	-
Slovakia	Eva Svetlošáková	-
Finland	Jarmo Parkkonen	-
Sweden	Anna Jegnell	Ulle Jakobson
United Kingdom	Alexander Justham	Cristina Frazer

Non-Voting Members

European Commission	Jonathan Faull	Maria Velentza
ESRB	Francesco Mazzaferro	Cecile Meys
EIOPA	Carlos Montalvo	-
EBA	Corinne Kaufmann	-

Observers

Iceland	Guðrún Jónsdóttir	-
Norway	Eirik Bunaes	Kristin Lund

Meeting chaired by the Chair	Steven Maijoor
Acting Secretary General	Carlo Comporti
Interim Executive Director	Olivier Salles
Minutes	Jonathan Overett Somnier