

# Terms of Reference

## Task Force on the Effectiveness of EU Capital Markets

### Background

1. During the discussion in the July Board of Supervisors, in follow-up to the Board of Supervisors Away Day discussion on enhancing the effectiveness and attractiveness of EU capital markets, the Board decided to set up a dedicated Board-level Task Force<sup>1</sup> that would develop key strategic messages from the EU securities market's supervisory perspective.
2. These key messages could inform the next European Commission and European Parliament, as well as the Council of the EU, on what further initiatives could be undertaken to help to continue to drive Capital Markets Union ambitions and spur improved effectiveness and attractiveness of EU capital markets.

### Tasks and deliverables

3. The Task Force shall be responsible for:
  - a. Contributing analysis and perspective on the functioning of EU capital markets at present, including bringing forth negative and positive experiences from their national experiences. Such analysis shall also consider international developments in comparable capital markets, and issues that may traditionally fall outside of the remit of securities supervisors.
  - b. Assessing ongoing initiatives and market developments, and what type of actions should be reinvigorated, further developed or newly started in the pursuit of stronger EU capital markets.
  - c. Discussing existing weaknesses or barriers that are hindering the potential of EU capital markets, including how better rulemaking and supervision can contribute to the effectiveness of markets, and how those issues might be resolved.
  - d. Determining the best course of action for ESMA, so as to send a strategic message to stakeholders on what measures EU securities markets regulators feel need to

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<sup>1</sup> While set up in accordance with Article 41 of ESMA Regulation, the Task Force has a different nature to Temporary Committees envisaged in Article 2(a) of the procedure for ESMA Groups (ESMA 22-104-5119) as it is composed of Board members only. The Procedure for ESMA Groups applies to the Task Force where appropriate.

be taken to improve the effectiveness and attractiveness of EU capital markets, including what form that final output may take.

4. The Task Force shall:
  - a. Prepare a paper for discussion with the Board of Supervisors in March 2024, summarising the key issues, as well as putting forth options on what key messages and recommendations ESMA may wish to convey in its final output.
  - b. Prepare a final output, to be discussed and approved by the Board of Supervisors in May 2024, which will convey the strategic messages and recommendations identified by ESMA to the public.

## **Internal organisation**

5. The Task Force will be chaired by the ESMA Chair, supported as necessary by ESMA staff.
6. The responsibilities of the Chair and members of the Task Force are as set out in the Procedures for ESMA groups (ESMA22-104-5119).
7. Task Force members are expected to participate in the meetings.
8. Task Force members may be accompanied to meetings by an expert (e.g., with specific expertise in an area under discussion).
9. The Chair may invite external stakeholders to provide presentations to the Task Force.
10. The Chair shall report regularly to the Board of Supervisors, on the progress of the work within the Task Force.

## **Effective date**

11. After approval by the Board of Supervisors, these terms of reference will come into effect on 24 October 2023.