

## TERMS OF REFERENCE

### Corporate Finance Standing Committee

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. According to Regulation 1095/2010 of the European Parliament and Council, ESMA shall act within the powers conferred by its establishing Regulation and among others within the scope of Directive 2003/71/EC (the Prospectus Directive) and 2004/109/EC (the Transparency Directive) and in the field of activities of market participants in relation to issues not directly covered in those Directives including corporate governance (e.g. Directive 2007/36/EC (the Shareholder Rights Directive) and takeover bids (Directive 2004/25/EC), provided that such actions are necessary to ensure the effective and consistent application of Union Law in the area of ESMA's competences, cf. Article 1(3) of Regulation 1095/2010.
3. In order to fulfil its mission the Board of Supervisors has established the Corporate Finance Standing Committee. 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 Finance Standing Committee contributes to ESMA's mission 2, in particular by:
  - *Promoting supervisory convergence by building a common supervisory culture and consistent approaches through:*
    - o Preparatory implementation work in relation to the Directives in the CFSC remit;
    - o Development of and follow-up on thematic studies, supervisory briefings, methodological frameworks, good practices, Q&As, common approaches, etc.;
    - o Participate to the organisation and undertaking of peer reviews and issuing guidelines in the area of transparency and prospectus directives;
    - o Facilitation of on-going exchanges of experiences and changes in national legislative or supervisory frameworks;



- *Completing the single rulebook through:*
  - o Developing technical standards when empowered to do so (particularly those arising from the revision of the Prospectus Directive);
  - o Providing technical advice to the European Commission in accordance with legislative mandates or requests and responding to public consultations from the EC as deemed appropriate;
- 5. In line with ESMA's product monitoring obligation under Article 39 MiFIR and its product intervention powers under Article 40 and 43 MiFIR, the Corporate Finance Standing Committee shall refer any potential threats it identifies which are relevant to ESMA's objectives of ensuring investor protection, orderly functioning and integrity of financial/commodity markets and to stability, to the appropriate Standing Committee.
- 6. The Corporate Finance Standing Committee shall liaise and coordinate with other relevant groups reporting to the Board of Supervisors where its activities touch upon the responsibilities of other groups, especially the Corporate Reporting Standing Committee.

#### **Structure and governance**

- 7. The responsibilities of the Chair, rapporteur and members of the Corporate Finance Standing Committee are as set out in the Procedures for ESMA groups.
- 8. Permanent or temporary groups reporting to the Standing Committee may be set-up when required in line with the Procedures for ESMA groups.
- 9. The Corporate Finance Standing Committee has established a Consultative Working Group. Alternatively, it may rely on assistance of CWGs established by other Standing Committees where it is appropriate and suitable.
- 10. The Corporate Finance Standing Committee has established four permanent working groups each with its own terms of reference:
  - The *Prospectus Operational Working Group* (PD-OWG) developing and promoting common supervisory approaches and practices across EEA Member States in the area;
  - The *Transparency Operational Working Group* (TD-OWG) developing and promoting common supervisory approaches and practices across EEA Member States in the area;
  - The *Corporate Governance Working Group* (CGWG) monitoring regulatory developments relating to corporate governance; and
  - The *Takeover Bids Network* (TBN) with a primary focus on exchanging information on practices and application of the Takeover Bids Directive including development of guidance in the context of fostering a common supervisory culture.



11. The Corporate Finance 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.

**Review**

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