



CHARTER OF THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS

Having regard to:

- (1) the mandate given by the Ecofin Council to the Committee of Wise Men on the Regulation of European Securities Markets (17 July 2000)
- (2) the Final Report of the Committee of Wise Men on the Regulation of European Securities Markets (15 February 2001);
- (3) the resolution of the European Parliament on the Final Report of the Committee of Wise Men on the regulation of European Securities Markets (15 March 2001);
- (4) the resolution of the European Council on a more effective securities market regulation in the European Union (Stockholm, 23 March 2001);
- (5) the Commission decision of (6 June 2001) establishing the European Securities Committee (2001/1493/EC);
- (6) the Commission decision of (6 June 2001) establishing the Committee of European Securities Regulators (2001/1501/EC);
- (7) the work achieved by the Forum of European Securities Commissions (FESCO) since its creation in December 1997;

considering that the growth of efficient, competitive and sound financial markets, at the national, European and international levels, is necessary for the proper allocation of resources and the cost-effective financing of the economies of the Member States of the EEA;

considering that the objectives of protecting investors, ensuring the integrity and transparency of markets and securing the proper functioning of the financial system are fundamental to achieving and maintaining sound and stable financial markets;

considering that close co-operation and information exchange between regulatory authorities are essential for the successful oversight of the European financial markets;

having regard to the importance of greater supervisory and regulatory convergence for the achievement of an integrated internal capital markets in Europe;

having regard to the need to base all its actions around a common conceptual framework of overarching principles for the regulation of the European securities markets to be established by the European Union;

having regard to the importance of involving all market participants in the regulatory process;

considering that the role of the Committee of the European Securities Regulators is to :

- (i) improve coordination among European Securities Regulators;
- (ii) act as an advisory group to assist the Commission, in particular in its preparation of draft implementing measures in the field of securities;
- (iii) work to ensure more consistent and timely, day to day implementation of community legislation in the Members' States;

the members of the Committee resolve to adhere, both in principle and in practice, to this Charter and to the following provisions:

ARTICLE 1 – MEMBERS OF THE COMMITTEE

- 1.1 Each Member State of the European Union will designate a senior representative from the competent authorities in the securities field to participate in the meetings of the Committee. One seat per Member State will be allowed in the meetings of the Committee. The members of the Committee may be accompanied by appropriate experts.
- 1.2 The competent authorities in the securities field from countries of the European Economic Area, who are not members of the European Union, will designate a senior representative to participate fully in the meetings without, however, participating in decision making.
- 1.3 The members of the Committee should keep the national members of the European Securities Committee informed about its discussions and, where necessary, make all appropriate national arrangements to be in a position to speak for the national competent authorities as a whole in the event that other national regulators have an interest in the matter discussed.
- 1.4 Where a common interest to work together appears, the Committee may accept observers to participate in meetings.
- 1.5 Where relevant to its work, the Committee may invite external experts.

ARTICLE 2 – CHAIR

- 2.1 The Committee will be chaired, in a personal capacity, by one of the members as set forth in article 1.1. The Chair will be elected by secret ballot by the Committee for a period of two years.
- 2.2 To assist the Chair, the Committee may also elect one or two Vice Chairs on the same terms. The Vice Chair(s) may replace and represent the Chair in case of absence or impediment.
- 2.3 The Chair organises and chairs the meeting of the Committee and executes all other functions delegated to the Chair by the Committee. The Chair decides on the agenda of the meetings. The Chair is responsible for public relations and represents the Committee externally. The Chair is responsible for the supervision of the Secretariat.

ARTICLE 3 – OPERATIONAL LINKS WITH THE EUROPEAN COMMISSION

- 3.1 The representative of the European Commission will be entitled to participate actively in all debates, except when the Committee discusses confidential matters relating to individuals and firms in the context of improving cooperation among European Regulators.
- 3.2 Representatives from the European Commission will be entitled to actively participate in meetings of Expert Groups, under the same conditions as 3.1.
- 3.3 The Secretariat of the Committee should liaise with a contact person that may be designate by the European Commission.

ARTICLE 4 – TASKS

- 4.1 The Committee will advise the European Commission on securities policy issues either at the European Commission's request, within a time-limit which the Commission may lay down according to the urgency of the matter, or on its own initiative.
- 4.2 The Committee will respond within such time limits to the mandates given by the European Commission in respect of the preparation of implementing measures.

- 4.3 The Committee will foster and review common and uniform day to day implementation and application of Community legislation. It will issue guidelines, recommendations and standards that the members will introduce in their regulatory practices on a voluntary basis. It will also undertake reviews of regulatory practices within the single market.
- 4.4 The Committee will develop effective operational network mechanisms to enhance day-to-day consistent supervision and enforcement of the Single Market for financial services.
- 4.5 The Committee will observe and assess the evolution of financial markets and the global tendencies in securities regulation and their impact on the regulation of the Single Market for financial services.

ARTICLE 5 – WORKING PROCEDURES

- 5.1 The Committee will meet at least four times a year. Additional meeting may be convened if and when appropriate. All decisions will be taken by the members of the Committee (or delegated to the Chair, the Vice Chair(s) or the Chair of a permanent group by the Committee, when appropriate).
- 5.2 In its working and/or deliberation and/or decisions, the Committee will respect the national and EU legislation regarding secrecy and confidentiality.
- 5.3 The Committee may establish expert groups, chaired by a committee member (or under its supervision), working with a given mandate and to be disbanded upon completion of the mandated work. The composition of the experts group should be flexible in order to involve other relevant authorities where necessary.
- 5.4 The Committee may establish permanent groups, working with given terms of reference, to carry out networking functions.
- 5.5 When delivering its advice in response to a mandate from the European Commission, the Committee should identify and elaborate any dissenting opinions of individual members.
- 5.6 For the execution of its other tasks the Committee will work by consensus of its members.
- 5.7 The Committee will ensure that in undertaking its work, it acts in conformity with the conceptual framework of overarching principles identified in the Stockholm European Council Resolution.
- 5.8 The Committee and its expert groups will work in an open and transparent manner.
- 5.9 Once a year, the Committee will publish an annual work programme of its work. Generally, the Committee will publish the result of its meetings.
- 5.10 The Committee will use the appropriate processes to consult (both ex-ante and ex-post) market participants, consumers and end users which may include inter alia: concept releases, consultative papers, public hearings and roundtables, written and Internet consultations, public disclosure and summary of comments, national and/or European focused consultations. The Committee will make a public statement of its consultation practices.
- 5.11 For the purpose of facilitating the dialogue with market participants, consumers and other end users of financial services, the Committee will establish working consultative groups, whenever appropriate.
- 5.12 The Committee may adopt further rules to facilitate its functioning.

ARTICLE 6 – ACCOUNTABILITY AND INSTITUTIONAL LINKS

- 6.1 The Committee will submit an Annual Report to the European Commission which will also be sent to the European Parliament and the Council.



- 6.2 The Chair of the Committee will report periodically to the European Parliament and/or when requested, and shall maintain strong links with the Securities Committee.
- 6.3 The Committee may participate in other committees and groups both at the European and international levels, when necessary for the work of the Committee.

ARTICLE 7 – SECRETARIAT

- 7.1 The Secretary General shall be appointed by the Committee after being proposed by the Chair and the Vice Chair(s) for a period of three years. This contract is renewable. Other permanent or seconded staff are appointed on a personal basis, by the Chairman after consulting with the Vice Chair(s) and the Secretary General.
- 7.2 The Secretariat of the Committee will work under the responsibility of the Chair. The Secretariat shall prepare and maintain the minutes of the meetings, assist the Committee and the expert and permanent groups in their functions and finally, execute all other functions assigned to it by the Committee or the Chair.
- 7.3 The Secretariat will act as a co-ordinator for the consultation and assist the Chair and the Vice Chair(s) in their public relations activities and representation functions.

ARTICLE 8 – BUDGET

- 8.1 The Committee will function with an annual budget. The Chair shall present a proposal for this budget to the Committee no later than the last meeting of the year preceding the budget year.
- 8.2 The members of the Committee will contribute annually to the budget. An internal rule will fix the amount of the annual individual contributions and the modalities of the payment.

ARTICLE 9 – FINAL PROVISIONS

- 9.1 All understandings, standards, commitments and work agreed within the Forum of European Securities Commissions (FESCO) will be taken over by the Committee with the same consequences for the present and future members.
- 9.2 This Charter will take effect on 10 September 2001.