

Terms of Reference

IT Standing Committee

1. ESMA's mission is to enhance investor protection, promote orderly financial markets and safeguard financial stability, by (i) assessing risks to investors, markets and financial stability, (ii) completing a single rulebook for EU financial markets, (iii) promoting supervisory convergence and (iv) directly supervising specific financial entities.
2. In order to fulfil its mission, the ESMA Strategy 2023-2028¹ sets out three strategic priorities: (i) fostering effective markets and financial stability, (ii) strengthening supervision of EU financial markets, and (iii) enhancing protection of retail investors, and two thematic drivers: (i) enhancing sustainable finance, and (ii) facilitating technological innovation and effective use of data.
3. Furthermore, ESMA is committed to support the European Commission² in its efforts in building the Savings and Investment Union which includes increasing the effectiveness of the financial markets, as well as in delivering on the goals of simplification and burden reduction while maintaining an effective supervision, a high level of financial stability and strong investor protection.
4. ESMA acts within the powers conferred by its establishing Regulation (ESMA Regulation or ESMAR³).
5. In order to fulfil ESMA's mission, the Board of Supervisors has established the IT Standing Committee (ITSC), pursuant to Article 41 of ESMAR as a permanent internal committee. These Terms of Reference specify its tasks, responsibilities, functioning and governance.

Tasks and Responsibilities

6. The ITSC contributes to ESMA's mission by governing the implementation of pan-European related IT project stemming from EU legislation (current and future) involving National Competent Authorities (NCAs), as well as other IT areas where ESMA's Board of Supervisors consider it necessary to collaborate. In particular, the ITSC contributes to the strategic priorities and thematic drivers of the ESMA Strategy in the following ways:
 - Promote supervisory convergence in the development and implementation of new regulatory and supervisory standards by contributing, in cooperation with the Data

¹ https://www.esma.europa.eu/sites/default/files/library/esma_strategy_2023-2028.pdf

² See mission letter to Commissioner Albuquerque [link](#) and Council Budapest declaration [link](#)

³ ESMA Regulation No 1095/2010 of the European Parliament and of the Council

Standing Committee (DSC), to standardisation and harmonisation in terms of data exchange, data collection and regulatory reporting:

- Technical data standards and reference data;
 - Review and advise on the business requirements defined by Standing Committees;
 - Perform impact assessments when changes are introduced by Standing Committees to business requirements (new or updated requirements). Changes in business requirements discussed and approved by Standing Committees during the project execution will aim to be accompanied by an ITSC impact assessment, and implementation should happen only when the change and its budget implications are approved; and
 - Request the Standing Committees responsible for the alignment of business requirements and the IT solution to consider changes to business requirements when issues have been identified during project implementation.
- Participate in the governance of projects implementation, including the following activities:
- Review project business cases for any project having an impact on the NCAs;
 - Review the results of feasibility studies and impact assessments;
 - Follow-up on project planning and execution (i.e. timelines, budget, risks, issues);
 - Approve project documentation, such as functional and technical specifications, reporting instructions, test plans, test specifications, test results; and
 - Approve the proposed go-live date.
- Contribute to the continuous enhancement of IT systems, including the following activities:
- Feedback on maintenance and support services processes and propose potential improvements;
 - Propose updates to current documentation standards; and
 - Perform health checks of IT systems in production.
- Contribute to the development of ESMA's IT Strategy, including:
- High-level IT architecture and roadmaps;

- Outsourcing policies; and
 - IT security policies.
- Participate in the annual revision of ESMA's Multi-annual IT Work Programme and budget:
 - Assess and prioritise new and ongoing projects. The list of new projects is assessed against prioritisation principles, such as the added value for ESMA and NCAs versus the effort (complexity) of implementation and the risks (reputational/legal) of ESMA; and
 - Comment the proposed Multi-annual IT Work Programme before it is submitted to the Management Board and the Board of Supervisors for decision.
 - Identify and recommend areas for burden reduction and simplification within its scope of work.
5. Through its activities in these areas and related deliverables, ITSC contributes to all ESMA's strategic priorities stated in the ESMA Strategy 2023-2028, and to strengthening supervision of EU financial markets, facilitating technological innovations and effective use of data.

Cooperation

6. The ITSC should ensure close cooperation arrangements, especially with the Data Standing Committee (DSC), notably on the topics of application of technologies in standardisation and harmonisation for data collection and exchange.
7. The ITSC shall liaise and closely coordinate with the relevant sectoral and other horizontal Standing Committees where its activities relate or are complementary to the activities of those Standing Committees. To this purpose, when developing the business requirements for setting up and operating regulatory IT systems, ITSC should review and advise on the functional and non-functional requirements defined by Standing Committees in order to i) ensure the overall completeness of information for the IT design (e.g. on data volumetry, confidentiality, availability or integrity), and ii) provide an impact assessment on the implementation costs and timelines.
8. The ITSC should also ensure close cooperation with EBA's ITSB (IT Sounding Board) and EIOPA's ITDC (Information Technology and Data Committee) to ensure a coordinated implementation of IT projects stemming from shared mandates between the three ESAs.

Composition

9. The ITSC shall be composed of one person per Board of Supervisors member as principal member and one person as an alternate, each representing that Board member. In addition, a maximum of three persons or a functional email address can be added to

the e-mail distribution list. In special circumstances, a representative of an authority other than the ones represented on the Board of Supervisors can be invited to participate as an observer on an ad-hoc or permanent basis. This decision is taken in agreement with the member or members of the ITSC from the same Member State. Participants to a Standing Committee meeting from the same Member State are expected to coordinate their positions in advance of the meeting.

10. Members of the ITSC shall also coordinate their positions with those held by persons from the same NCA, who serve as members/alternates of subgroups to the ITSC.
11. A member of the Standing Committee may, when a topic for discussion in the Standing Committee so requires, be accompanied by an expert from its NCA for that part of the meeting. The Standing Committee member shall announce this intent to the Rapporteur in advance of the meeting.

Structure and governance

12. The responsibilities of the Chair, Rapporteur and members of the ITSC are set out in the 2023 Procedures for ESMA Groups (ESMA22-104-5119), which also set out the rules concerning ESMA Groups' structure, governance and working methods.
13. The ITSC may set up permanent working groups or temporary task forces or project teams/drafting teams reporting to the ITSC, if required by the work and in line with the Procedures for ESMA Groups.
14. The ITSC has established the following permanent working group with its own Terms of Reference:
 - a. The CISO (Chief Information Security Officers) Network.
15. The ESAP Task Force (ESAP TF), that reports jointly to the Data Standing Committee (DSC) and ITSC, has been established as a temporary task force to address issues related to the development of a European Single Access Point (ESAP).
16. The ITSC will meet on a regular basis as required to deliver its tasks under ESMA's Multi-annual IT Work Programme. Meetings of subgroups (such as the Market IT, the Transparency IT, and the Maintenance IT project groups) will be organised as necessary to enable the ITSC to fulfil its tasks.

Working methods

17. The working methods will follow the Procedures for ESMA Groups as described in paragraphs 53 and following.
18. Documents prepared by a subgroup reporting to ITSC concerning issues which are of strategic and/or cross-cutting nature and/or which have been controversial at the level of the subgroup, will be discussed at and agreed upon by the ITSC (A-items). Documents from these subgroups concerning issues which are neither strategic nor cross-cutting in

nature and which were supported by a large majority of the subgroup members will be submitted to the ITSC for endorsement without discussion (B-items) and will hence not be subject to discussion unless requested by a significant minority of ITSC members or ESMA staff. Items on the ITSC agenda, not coming from or discussed in the subgroups reporting to the ITSC, should generally be classified as A-items.

Confidentiality

19. All members of the ITSC are under the obligation to respect confidentiality requirements equivalent to those applicable to ESMA staff and to Board of Supervisors' members under Article 70 of the ESMA Regulation. It is the responsibility of Board of Supervisors' members to ensure that their representatives in ITSC are subject to equivalent professional secrecy rules, in line with Article 70(2a) on the ESMA Regulation.

Review

20. The Terms of Reference will be reviewed at least every two years by the Board of Supervisors.