



CEAOB Market Monitoring Sub-group

Terms of Reference

Introduction

This document supplements the CEAOB Rules of Procedure, which state that the sub-groups shall operate according to their own terms of reference, which shall be in line with the CEAOB Rules of Procedure and subject to the CEAOB's approval. The document has been drafted by the CEAOB Market Monitoring sub-group (hereafter "the sub-group") and adopted by the CEAOB plenary meeting on 27 November 2019.

1. Legal basis

To carry out the tasks referred to in paragraph 2 of Article 27 of the Regulation 537/2014.

2. Mandate

The purpose of the sub-group is to facilitate the monitoring of the quality and competition of the market for providing statutory audit services to public-interest entities, relating to assisting the Commission in preparing joint reports. The sub-group will contribute to the convergence and coordination of the monitoring carried out by national authorities.

Article 27 of the Regulation requires that a report be drawn up at least every three years. The activities of the sub group are therefore determined by the length of the reporting cycle in light of the frequency of the Commission's joint report.

The sub-group will report back to the CEAOB plenary and will input into its annual report.

3. Composition

The composition of the sub-group is published on the CEAOB website.

Chair

The Chair of the sub-group is a representative of one of the competent authorities, appointed by the members of the CEAOB for a fixed term of four years with the option of re-appointment of up to another four years. Exceptionally, the Chair may be removed by a decision of the members of the CEAOB.

Members

All organisations that are represented by a member at the CEAOB, are entitled to be a member of the sub-group, including ESMA. Members may appoint a representative of their organisation to participate in the sub-group according to their level of expertise.

Observers

EBA and EIOPA are invited to participate in the sub-group meetings as observers. European Economic Area (EEA) authorities' representatives may be invited to participate, subject to the approval of the CEAOB members.

CEAOB Chair and Vice Chair

The CEAOB Chair and Vice-Chair (or appropriate Vice-Chair representative from the European Commission) will be invited to join each meeting and to contribute to the work of the sub-group.

4. Working arrangements

In light of the above, the members of the sub-group hereby agree to the following terms:

Coordination and organisation

The Chair will organise the meetings, chair the meetings, prepare agenda and minutes, coordinate the work and prepare an annual work plan.

Members of the subgroup may suggest topics for the agenda, for the Chair to consider their inclusion where possible.

Market Monitoring sub-group meetings

The frequency of meetings will be determined on the cycle of work, at a minimum two to three calls every year will be organised. If required, in-person meetings of the sub-group will be organised, subject to preferences of sub-group members, hosted voluntarily by a member of the CEAOB or the Commission.

Confidentiality

The confidentiality rules applicable within the CEAOB are also applicable within this sub-group, (including those referred to in Rule 16 of the CEAOB's Rules of Procedure).

Decision making arrangements

The Chair shall aim to seek consensus on all topics put forward for approval to the members of the sub-group. If matters for approval cannot be decided by consensus, decisions shall be taken by vote during sub-group meetings, by a simple majority of the sub-group members with voting rights in the CEAOB. Each of those members of the sub-group has one vote. ESMA, the CEAOB Chair, the CEAOB Vice-Chair and the observers do not have voting rights.

Decisions may also be taken by written procedure. Rule 12 of the CEAOB's Rules of Procedure shall apply *mutatis mutandis*.

Reporting to CEAOB

The Chair will report on the sub-group's activities on a regular basis.

External communications

Any external communication or document to be published requires approval of the CEAOB membership in compliance with Rule 11. Sub-group communications without any CEAOB or sub-group view or position, such as press notices can be published by approval of the sub-group. Documents to be published will be sent to the CEAOB Secretariat for inclusion on the CEAOB website.