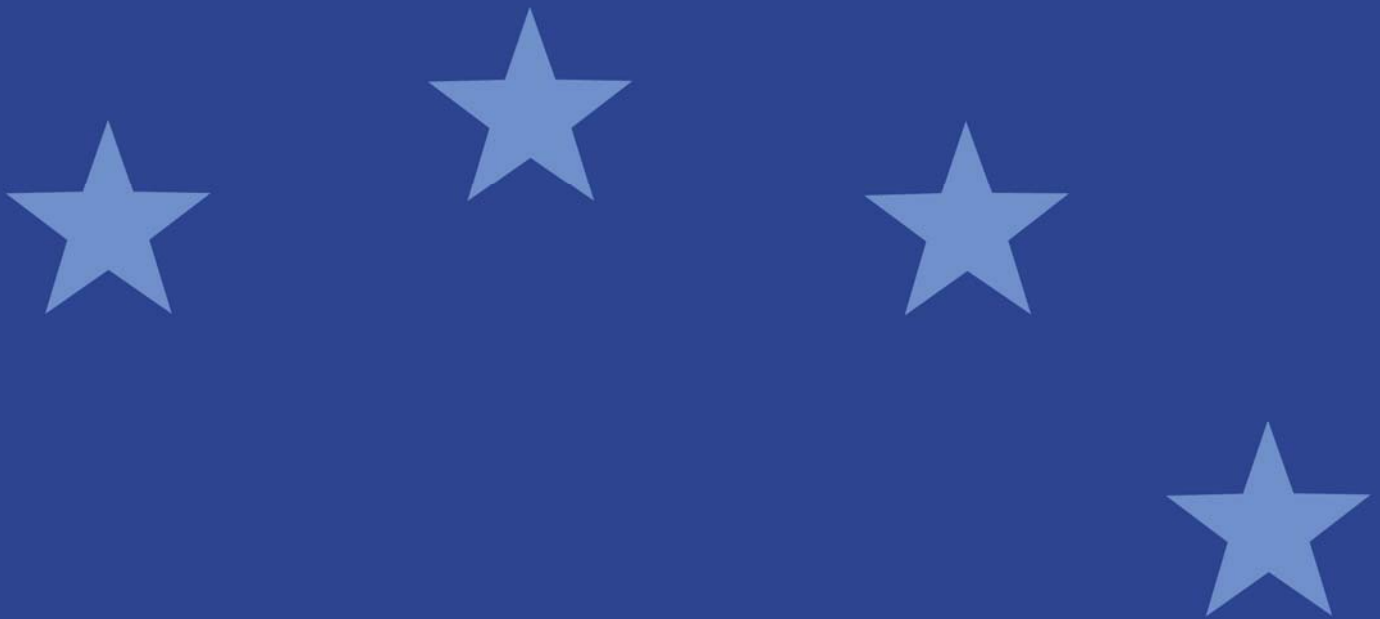




European Securities and  
Markets Authority

# Opinion

**Draft Implementing Technical Standards on main indices and  
recognised exchanges under the Capital Requirements Regulation**



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## **Glossary**

CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
EMIR	European Market Infrastructures Regulation – Regulation (EU) 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories
ESMA	European Securities and Markets Authority
ITS	Implementing Technical Standards
MiFID	Markets in Financial Instruments Directive – Directive 2004/39/EC of the European Parliament and the Council

## **1 Legal Basis**

1. In accordance with Article 197(8) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR), the European Securities and Markets Authority (ESMA) shall develop draft implementing technical standards (ITS) to specify main indices and recognised exchanges.

## **2 Background and Procedure**

2. On 19 December 2014, ESMA submitted draft ITS to specify main indices and recognised exchanges to the European Commission pursuant to Article 15(1) of Regulation No (EU) 1095/2010 (the ESMA Regulation) and Article 197(8) CRR. On 29 January 2015, ESMA submitted a corrigendum to that draft ITS to the European Commission as the list of main indices and recognised exchanges already required an update.
3. On 17 December 2015, the European Commission informed ESMA of its intention to amend the draft ITS submitted by ESMA by including two additional equity indices.
4. Pursuant to Article 15(1) of the ESMA Regulation, this notification from the European Commission triggers a period of six weeks during which ESMA may amend its draft ITS on the basis of the European Commission's proposed amendments and resubmit it in the form of a formal opinion. ESMA shall send a copy of its formal opinion to the European Parliament and to the Council.
5. It is for the Board of Supervisors to adopt such formal opinion in accordance with Article 44(1) of the ESMA Regulation.

## **3 Executive Summary**

6. ESMA is of the opinion that the Hang Seng Composite Index and the Russell 3000 Index should not be added to the list of main equity indices.
7. ESMA does however suggest adding the Russell 1000 Index, the Shanghai Shenzhen CSI 300, the S&P BSE 100 Index and the FTSE Nasdaq Dubai UAE 20 Index to the list of main equity indices. ESMA also suggests replacing the Nikkei 225 with the Nikkei 300 and the NZSE 10 with the S&P NZX 15 Index.
8. Independent of the intention of the European Commission to include two additional equity indices, ESMA has checked the complete lists of main indices and recognised exchanges submitted in the ITS draft of 29 January 2015 and provides the European Commission with a number of necessary updates.

9. Given the frequent updates of indices and regulated markets denominations, ESMA suggests that the Commission reviews the regime, i.e. the use of the legal instrument of an ITS, to avoid that each modification requires a full legislative cycle.

## 4 ESMA Opinion

### 4.1 Hang Seng Composite Index and Russell 3000 Index

10. ESMA takes note that the European Commission would like to add the Hang Seng Composite Index and the Russell 3000 Index to the list of main equity indices contained in the draft ITS based on them meeting the eligibility criteria developed by ESMA.
11. In its Final Report, ESMA sets out two approaches to specifying main indices for equities:
  - a. an absolute approach, applying a common threshold of liquidity to the constituents of each index on a world-wide basis; and
  - b. a relative approach, applying a number of tests designed to identify the main index of more liquid instruments in each EEA economy, provided they meet an underpinning liquidity threshold.
12. ESMA also expressly stated in the Final Report, that the rationale for applying the relative approach is to enable EEA banks and investment firms that are subject to the CRR to use appropriate collateral from their local markets, even when this collateral is not in an index that meets the absolute approach. ESMA considers that applying the relative approach in this narrow sense has the positive effect of banks being able to support local businesses, among them SMEs, while also serving prudential goals and ultimately investor protection and the integrity of the financial system as banks and investment firms will have a better view of the liquidity status of local shares which may have an impact on their effectiveness as eligible collateral for credit risk mitigation purposes. The rationale of the scope of this relative approach is also supported by the harmonised regulatory framework for securities in the EEA applying to market structures, the indices themselves and to the individual financial instruments of which they are composed. ESMA considers that, with regard to the use of collateral, it is not in the position to make a fair, full and thorough assessment of the legislative and regulatory framework of all jurisdictions outside the EEA which would be needed if and when extending the relative approach to indices and financial instruments outside the EEA. Therefore, ESMA considers it appropriate to apply at this stage the relative approach only to indices within the EEA.
13. While it is correct that Hang Seng Composite and Russell 3000 would pass the numerical criteria established for the relative approach, they are not indices containing relatively liquid instruments in an EEA economy given that they are mainly composed of US and Asian stocks.

14. Therefore, ESMA does not share the assessment of the European Commission that Hang Seng Composite and Russell 3000 meet the eligibility criteria developed by ESMA.
15. However, ESMA appreciates the goal of casting a wider net of eligible collateral that European banks can use by incorporating additional indices. Incorporating such additional indices should nonetheless not create a regional imbalance of shares qualified as eligible collateral and the large majority of shares covered by the indices should justifiably be qualified as eligible collateral, i.e. they should be of acceptable quality and liquidity.
16. ESMA has analysed the number of shares covered per continent comparing the list of main indices in the draft ITS submitted by ESMA versus that list plus Hang Seng Composite and Russell 3000. The results are displayed in the table below.

	Number of (unique) components <sup>[2]</sup>	Europe	Asia	North America	Africa	South America	Australia (Oceania)
TOTAL <sup>[1]</sup>	6,133	1,956	2,657	921	175	207	217
% of TOTAL	100%	31.89%	43.32%	15.02%	2.85%	3.38%	3.54%
TOTAL including HANG SENG COMPOSITE INDEX and RUSSELL 3000 INDEX <sup>[1]</sup>	8,748	1,989	2,936	3,223	175	207	218
% of TOTAL	100%	22.74%	33.56%	36.84%	2.00%	2.37%	2.49%

[1] The total has been calculated without duplicates and does not include the components for the indices for which the composition is not available, i.e. NYSE ARCA China Index, FTSE RAFI Emerging Markets

[2] Removal of duplicates performed to the extent possible

Source: Bloomberg and websites

17. Evidently, the addition of the Russell 3000 would increase the number of North American shares which European banks could use as eligible collateral substantially (from 921 to 3,223). The addition of the Hang Seng Composite would increase the number of Asian shares covered from 2,657 to 2,936. The number of European shares covered in comparison only increase from 1,956 to 1,989. The reason for this is that the Russell 3000 is a very large index which predominantly contains shares from US SMEs.
18. In light of the goal of ESMA in developing the relative approach to enable EEA banks and investment firms to use appropriate collateral from local markets to support local business and also in light of the Capital Markets Union Action Plan which seeks to improve access of European SMEs, the inclusion of Russell 3000 and Hang Seng Composite just on the basis of them surpassing the numerical thresholds of the relative approach appears difficult to justify.

19. Their inclusion appears to create an imbalance in favour of particular regions which would achieve the goal of rendering a significant number of additional shares eligible collateral but would do so on a fairly arbitrary basis. If this approach were taken, one would have to ask the question as to why additional indices from other world regions also surpassing the relative criteria developed by ESMA should not be included as well, which would require a more in-depth analysis.
20. ESMA believes that its initial approach was sound in including indices based on compliance with the relative approach only if these open up local European markets as eligible collateral.
21. Indices predominantly focusing on third country shares should in all cases be required to comply with the absolute approach which does ensure that the shares included as components in the relevant indices are sufficiently liquid to be considered as eligible collateral.
22. In this context, ESMA has also analysed how exactly Hang Seng Composite and Russell 3000 perform under the absolute approach (testing the components against the €1bn threshold for market capitalisation) and the results are displayed below.

		HANG SENG COMPOSITE INDEX	RUSSELL 3000 INDEX
Threshold: market cap EUR	1,000,000,000		
Number of components		481	3,022
Number of components above the threshold		323	1,714
Percentage of components above the threshold		67%	57%

Source: Bloomberg

23. The table demonstrates that only 67% of the component shares of the Hang Seng Composite and 57% of those of the Russell 3000 have a market capitalisation in excess of €1bn so both indices are falling well short of the 90% threshold determined by ESMA for compliance with the absolute approach.
24. Additional analysis shows, for instance, that the bottom 10% of shares in the Russell 3000 only have an average market capitalisation of €151m. In practice this would therefore mean that a large number of shares would qualify as eligible collateral which appear to be rather illiquid.

		HANG SENG COMPOSITE INDEX	RUSSELL 3000 INDEX
Average market cap of the bottom 10% of the components (in EUR)		309,536,076	151,140,861

25. In conclusion, ESMA considers that incorporating the Hang Seng Composite and the Russell 3000 into the list of main indices does not appear to be justified. ESMA also has doubts whether the relative lack of liquidity of a large number of shares, particularly in the Russell 3000, would justifiably qualify them as eligible collateral.
26. Therefore, ESMA is of the opinion that, contrary to the intention of the European Commission, the Hang Seng Composite Index and the Russell 3000 Index should not be added to the list of main equity indices contained in Annex I of the draft ITS.
27. As an alternative based on the status quo as it presents itself at the start of 2016 and after another round of data analysis in the limited time available to ESMA for producing this opinion, ESMA suggests adding instead to the list of main equity indices:
  - a. the Russell 1000 Index;
  - b. the Shanghai Shenzhen CSI 300;
  - c. the S&P BSE 100 Index; and
  - d. the FTSE Nasdaq Dubai UAE 20 Index.
28. The Russell 1000 has as components the more liquid shares of the Russell 3000. Adding it would cast a wider net of eligible collateral for banking regulation purposes while avoiding the negative effects described above by including the Russell 3000.
29. The average market cap of the bottom 10% of components of the Russell 1000 indicates a higher level of liquidity compared to the Russell 3000 and the Hang Seng Composite.
30. The Russell 1000, the Shanghai Shenzhen CSI 300, the S&P BSE 100 and the FTSE Nasdaq Dubai UAE 20 Index would all qualify under the absolute approach. The impact of including them leads to a more balanced outcome in terms of including additional liquid collateral from different world regions.
31. In addition, ESMA also recommends replacing Nikkei 225 with Nikkei 300 which would bring in another 15 shares not covered by other indices already included and the NZSE 10 with the S&P NZX 15 Index covering an additional 5 shares. Both, Nikkei 300 and S&P NZX 15, also qualify under the absolute approach.
32. The relevant analysis is included in the tables below.



	Number of (unique) components <sup>[2]</sup>	Europe	Asia	North America	Africa	South America	Australia (Oceania)
TOTAL <sup>[1]</sup>	6,133	1,956	2,657	921	175	207	217
% of TOTAL	100%	31.89%	43.32%	15.02%	2.85%	3.38%	3.54%
TOTAL including RUSSELL 1000 INDEX, SHANGHAI SHENZHEN CSI 300 Index, S&P BSE 100 Index, FTSE NASDAQ Dubai UAE 20 Index and substituting NIKKEI 225 Index with NIKKEI 300 Index and NZSE10 with S&P NZX 15 Index <sup>[1]</sup>	7,508	1,979	2,996	1,930	175	207	221
% of TOTAL	100%	26.36%	39.90%	25.71%	2.33%	2.76%	2.94%

[1] The total has been calculated without duplicates and does not include the components for the indices for which the composition is not available, i.e. NYSE ARCA China Index, FTSE RAFI Emerging Markets

[2] Removal of duplicates performed to the extent possible

Source: Bloomberg and websites

		RUSSELL 1000 INDEX
Threshold: market cap EUR	1,000,000,000	
Number of components		1,034
Number of components above the threshold		1,025
Percentage of components above the threshold		99%
Average market cap of the bottom 10% of the components (in EUR)		1,783,095,700

Source: Bloomberg

		Shanghai Shenzhen CSI 300 Index
Threshold: market cap EUR	1,000,000,000	
Number of components		300
Number of components above the threshold		294
Percentage of components above the threshold		98%

Source: Bloomberg

		S&P BSE 100 Index
Threshold: market cap EUR	1,000,000,000	
Number of components		101
Number of components above the threshold		100
Percentage of components above the threshold		99%

Source: Bloomberg

		<b>FTSE NASDAQ Dubai UAE 20 Index</b>
Threshold: market cap EUR	1,000,000,000	
Number of components		20
Number of components above the threshold		19
Percentage of components above the threshold		95%

Source: Bloomberg

		<b>NIKKEI 300 INDEX</b>
Threshold: market cap EUR	1,000,000,000	
Number of components		300
Number of components above the threshold		282
Percentage of components above the threshold		94%

Source: Bloomberg

		<b>S&amp;P NZX 15 Index</b>
Threshold: market cap EUR	1,000,000,000	
Number of components		15
Number of components above the threshold		14
Percentage of components above the threshold		93%

Source: Bloomberg

## 4.2 Table providing the detailed impact of including the Hang Seng Composite Index and the Russell 3000 Index

Country	Continent	Number of (unique) components <sup>[1] [2]</sup>	% of TOTAL	Number of (unique) components including HANG SENG COMPOSITE INDEX and RUSSELL 3000 INDEX <sup>[1]</sup>	% of TOTAL	% increase
<b>TOTAL</b>		<b>6,133</b>		<b>8,748</b>		
AUSTRALIA	Australia (Oceania)	184	3.00%	185	2.11%	0.54%
AUSTRIA	Europe	47	0.77%	47	0.54%	-
BELGIUM	Europe	31	0.51%	31	0.35%	-
BERMUDA	NorthAmerica	9	0.15%	25	0.29%	177.78%
BRAZIL	SouthAmerica	146	2.38%	146	1.67%	-
CANADA	NorthAmerica	135	2.20%	139	1.59%	2.96%
CAYMAN ISLANDS	NorthAmerica	-	0.00%	3	0.03%	
CHILE	SouthAmerica	41	0.67%	41	0.47%	-
CHINA	Asia	307	5.01%	432	4.94%	40.72%
COLOMBIA	SouthAmerica	14	0.23%	14	0.16%	-
CROATIA	Europe	1	0.02%	1	0.01%	-
CURACAO	NorthAmerica	-	0.00%	1	0.01%	
CZECH	Europe	10	0.16%	10	0.11%	-
DENMARK	Europe	39	0.64%	39	0.45%	-
EGYPT	Africa	10	0.16%	10	0.11%	-
FAROE ISLANDS	Europe	1	0.02%	1	0.01%	-
FINLAND	Europe	35	0.57%	35	0.40%	-
FRANCE	Europe	282	4.60%	282	3.22%	-
GABON	Africa	1	0.02%	1	0.01%	-
GERMANY	Europe	171	2.79%	172	1.97%	0.58%
GIBRALTAR	Europe	1	0.02%	1	0.01%	-
GREECE	Europe	29	0.47%	30	0.34%	3.45%
GUERNSEY	Europe	11	0.18%	11	0.13%	-
HONG KONG	Asia	212	3.46%	360	4.12%	69.81%
HUNGARY	Europe	7	0.11%	7	0.08%	-
INDIA	Asia	186	3.03%	186	2.13%	-
INDONESIA	Asia	57	0.93%	57	0.65%	-
IRELAND	Europe	43	0.70%	48	0.55%	11.63%
ISLE OF MAN	Europe	1	0.02%	1	0.01%	-
ISRAEL	Asia	36	0.59%	39	0.45%	8.33%
ITALY	Europe	94	1.53%	94	1.07%	-
JAPAN	Asia	1,004	16.37%	1,004	11.48%	-
JERSEY	Europe	7	0.11%	8	0.09%	14.29%
JORDAN	Asia	2	0.03%	2	0.02%	-
LUXEMBOURG	Europe	19	0.31%	22	0.25%	15.79%
MACAU	Asia	7	0.11%	8	0.09%	14.29%
MALAYSIA	Asia	111	1.81%	111	1.27%	-
MALTA	Europe	3	0.05%	3	0.03%	-
MEXICO	NorthAmerica	109	1.78%	109	1.25%	-
MONACO	Europe	-	0.00%	4	0.05%	
NETHERLANDS	Europe	85	1.39%	89	1.02%	4.71%
NEW ZEALAND	Australia (Oceania)	33	0.54%	33	0.38%	-
NORWAY	Europe	40	0.65%	45	0.51%	12.50%
PANAMA	NorthAmerica	-	0.00%	2	0.02%	
PERU	SouthAmerica	6	0.10%	6	0.07%	-

Country	Continent	Number of (unique) components <sup>[1] [2]</sup>	% of TOTAL	Number of (unique) components including HANG SENG COMPOSITE INDEX and RUSSELL 3000 INDEX <sup>[1]</sup>	% of TOTAL	% increase
PHILIPPINES	Asia	47	0.77%	47	0.54%	-
POLAND	Europe	64	1.04%	64	0.73%	-
PORTUGAL	Europe	25	0.41%	25	0.29%	-
PUERTO RICO	NorthAmerica	-	0.00%	5	0.06%	✓
QATAR	Asia	13	0.21%	13	0.15%	-
ROMANIA	Europe	1	0.02%	1	0.01%	-
RUSSIA	Europe	95	1.55%	95	1.09%	-
SINGAPORE	Asia	91	1.48%	92	1.05%	1.10%
SLOVENIA	Europe	1	0.02%	1	0.01%	-
SOUTH AFRICA	Africa	164	2.67%	164	1.87%	-
SOUTH KOREA	Asia	313	5.10%	313	3.58%	-
SPAIN	Europe	70	1.14%	71	0.81%	1.43%
SWEDEN	Europe	105	1.71%	105	1.20%	-
SWITZERLAND	Europe	120	1.96%	122	1.39%	1.67%
TAIWAN	Asia	178	2.90%	178	2.03%	-
THAILAND	Asia	63	1.03%	64	0.73%	1.59%
TURKEY	Europe	67	1.09%	67	0.77%	-
UAE	Asia	26	0.42%	26	0.30%	-
UNITED KINGDOM	Europe	451	7.35%	457	5.22%	1.33%
UNITED STATES	NorthAmerica	668	10.89%	2,936	33.56%	339.52%
VIRGIN ISLANDS	NorthAmerica	-	0.00%	2	0.02%	✓

[1] The total has been calculated without duplicates and does not include the components for the indices for which the composition is not available, i.e. NYSE ARCA China Index, FTSE RAFI Emerging Markets

[2] Removal of duplicates performed to the extent possible

Source: Bloomberg and websites

### 4.3 Update of existing list of main indices

33. In addition and without prejudice to the opinion above, ESMA would like to make the European Commission aware that due to the period of time that has elapsed between ESMA submitting the draft ITS and the European Commission communicating its intention to amend them, the list of main indices already included requires updating in one case.

34. The following entry in the list of main indices has been updated in Annex I to the attached ITS:

Table 1

TOPIX mid 400    Japan

### 4.4 Update of existing list of recognised exchanges

35. ESMA would also like to make the European Commission aware that regardless of the approach adopted for main indices and due to the period of time that has elapsed between ESMA submitting the draft ITS and the European Commission communicating its intention to amend them, the list of recognised exchanges requires updating in a number of cases.

36. The following entries into the list of recognised exchanges have been updated in Annex II to the attached ITS:

**Table 1**

RM-SYSTEM CZECH STOCK EXCHANGE	XRMZ
NASDAQ RIGA	XRIS
NASDAQ STOCKHOLM	XSTO
NORDIC GROWTH MARKET NGM	XNGM
NASDAQ COPENHAGEN	XCSE
OSLO BØRS	XOSL
NASDAQ TALLINN	XTAL
NASDAQ HELSINKI	XHEL
NASDAQ ICELAND	XICE
NASDAQ VILNIUS	XLIT

**Table 2**

ICE FUTURES EUROPE - ENERGY PRODUCTS DIVISION	IFEU
NASDAQ STOCKHOLM	XSTO
FISH POOL	FISH
NOREXECO	NEXO
NASDAQ OSLO	NORX
OSLO BØRS	XOSL
WARSAW STOCK EXCHANGE/COMMODITIES/POLISH POWER EXCHANGE/COMMODITY DERIVATIVES	PLPD
MALTA STOCK EXCHANGE	XMAL
GIBRALTAR STOCK EXCHANGE	GSXL

37. Furthermore, two regulated markets have been removed from the list of recognised exchanges since they stopped operating in the meantime: GXG OFFICIAL LIST (GXGR) and DERIVATIVES REGULATED MARKET – BVB (XBSD).
38. For consistency purposes, ESMA has also aligned the wording of Recitals 11, 12 and 13 with the standard model used upon advice of the legal services in the September and December 2015 packages of MiFID II technical standards and has made minor corrections in Recitals 6 and 10.
39. Finally, ESMA would like to raise the attention of the Commission to the fact that, apart from the inclusion of the non-EU indices at the Commission's initiative, the list of indices and exchanges has already required 21 changes since the delivery of the draft ITS in January 2015, even before its adoption and entry into force.
40. It is a fact that the denomination of indices and exchanges changes over time, for commercial reasons and also because of the merger or creation of indices and exchanges. Therefore, it does not appear practical to define that register through an Implementing Technical Standard; an instrument of legislative nature that requires a significant amount of time to be updated. For instance, this version of the ITS has taken so far more than 13 months since it was first delivered by ESMA to the European Commission. That sort of timeframe does not reconcile well with the frequency with which indices or exchanges are created, merged or cease to exist.
41. Therefore, ESMA recommends to the European Commission to use its right of initiative to amend at Level 1 the procedure to update the list of indices and exchanges and introduce a less burdensome and more speedy process than the one required by technical standards.

## 5 Annex

### Draft Implementing Technical Standards

#### COMMISSION IMPLEMENTING REGULATION (EU) No .../...

of [...]

**laying down implementing technical standards with regard to main indices and recognised exchanges according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012<sup>1</sup> and in particular Article 197(8) thereof,

Whereas:

- (1) Regulation (EU) No 575/2013 states that equities or convertible bonds included in a main index can be used by credit institutions and investment firms as eligible collateral. Therefore, the equity indices listed in this Regulation should be ones that mainly consist of securities that can reasonably be expected to be realisable when a credit institution or investment firm needs to liquidate its collateral. This should be the case when at least 90% of the components of an index have a free float of at least EUR 500 000 000 or, in the absence of information about free float, a market capitalisation of at least EUR 1 000 000 000.
- (2) Furthermore it should be possible for institutions to use as collateral instruments that are liquid relative to the markets in which they are operating and meet a minimum level of liquidity. Therefore equity indices listed in this Regulation should also include an index if it includes no more than half of the total number of companies whose shares are traded on the market on which the indices are based, if the average daily turnover is at least EUR 100 000, and if it also meets two of the following three criteria: the total market capitalisation of the index should be at least 40% of the market capitalisation of all the companies whose shares are traded on that market; the total turnover of trading in the components of the index should be at least 40% of the total turnover of all equity trading on that market; and the index serves as an underlying for derivatives products.

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<sup>1</sup> OJ L 176, 27.6.2013, p. 1

- (3) Convertible bond indices should be included in this Regulation only if the constituent bonds can be converted into equities that themselves meet the first liquidity test for equities mentioned above, i.e., at least 90% of those equities have a free float of at least EUR 500 000 000 or, in the absence of information about free float, a market capitalisation of at least EUR 1 000 000 000.
- (4) If there are two indices that meet the criteria for inclusion in this Regulation and one is a subset of the other, for simplicity only the broader one should be included.
- (5) The Regulation (EU) No 575/2013 states that debt securities issued by certain institutions, not having a credit assessment by an external credit assessment institution (ECAI), can be used as eligible collateral if they fulfil a number of conditions, one of them being that they are listed on a recognised exchange.
- (6) Under Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies<sup>2</sup> each national competent authority could decide which venue they would recognise as exchanges.
- (7) The first condition to be met for an exchange to be a recognised exchange in Regulation (EU) No 575/2013 is being a regulated market, which is a term defined by Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC<sup>3</sup>.
- (8) The second condition to be met for an exchange to be a “recognised exchange” is having a clearing mechanism. All regulated markets, trading financial instruments not listed in Annex II of the CRR, should be deemed fulfilling this second condition by virtue of being licensed as a regulated market under MiFID and by already having to have rules and procedures for the clearing and settlement of transactions in place under MiFID.
- (9) The third condition to be met for an exchange to be considered a recognised exchange, in the case where it trades financial instruments listed in Annex II of Regulation (EU) No 575/2013, is that it operates margining requirements which provide appropriate protection in the opinion of the relevant competent authority.
- (10) The requirements described in Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories<sup>4</sup> are deemed indispensable to meet the requirements of Regulation (EU) No 575/2013. In addition, those margin requirements have to apply on a daily basis. For those rare derivatives exchanges which are not served by CCPs, the margining rules laid down in

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<sup>2</sup> OJ L 329, 14/12/2010, p. 3.

<sup>3</sup> OJ L 145, 30.04.2004, p. 1.

<sup>4</sup> OJ L 201, 27.07.2012, p. 1.



Regulation (EU) No 648/2012 should be used as the benchmark for assessing the appropriateness of margining requirements.

- (11) The updating of the lists of main indices and recognised exchanges would constitute a revision of this Regulation; therefore it should be carried out in accordance with the process described in Regulation (EU) No 575/2013 and Article 15 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council<sup>5</sup>.
- (12) This Regulation is based on the draft implementing technical standards submitted by the European Securities and Markets Authority (ESMA) to the Commission.
- (13) ESMA has conducted an open public consultation on the draft implementing technical standards on which this Regulation is based and requested the opinion of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and Council. ESMA has not analysed potential related costs and benefits as this would have been disproportionate in relation to their scope and impact,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

##### **Main indices**

The main indices for the purposes of Article 197(8)(a) of Regulation (EU) No 575/2013 are specified in Annex I.

#### *Article 2*

##### **Recognised exchanges**

The recognised exchanges for the purposes of Article 197(8)(b) of Regulation (EU) No 575/2013 are specified in Annex II.

#### *Article 3*

##### **Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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<sup>5</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).



Done at Brussels,

*For the Commission  
The President*

*On behalf of the President*

*[Position]*

## ANNEX I

### MAIN INDICES SPECIFIED UNDER ARTICLE 197 OF REGULATION (EU) NO 575/2013

**Table 1**

**Equity indices**

<b>Index</b>	<b>Country/ Area</b>
STOXX Asia/Pacific 600	Asia/Pacific
ASX100	Australia
ATX Prime <sup>6</sup>	Austria
BEL20	Belgium
IBOVESPA	Brazil
TSX60	Canada
CETOP20 Index	Central Europe
Hang Seng Mainland 100 Index (China)	China
NYSE ARCA China Index	China
Shanghai Shenzhen CSI 300	China
PX Prague	Czech Republic
OMX Copenhagen 20	Denmark
FTSE RAFI Emerging Markets	Emerging Markets
MSCI Emerging Markets 50	Emerging Markets
FTSE Europe Index	Europe
STOXX Europe 600	Europe
MSCI AC Europe & Middle East	Europe and Middle East
OMXH25	Finland
SBF120 <sup>7</sup>	France
S&P BMI France	France
HDAX <sup>8</sup>	Germany
FTSE All World Index	Global
MSCI ACWI	Global
FT ASE Large Cap	Greece

<sup>6</sup> Includes the ATX

<sup>7</sup> Includes the CAC40, CAC Next 20, and CAC Mid Cap

<sup>8</sup> Includes the DAX and MDAX



Hang Seng	Hong Kong
CNX 100 Index	India
S&P BSE 100 Index	India
ISEQ 20	Ireland
FTSE MIB	Italy
Nikkei 300	Japan
TOPIX mid 400	Japan
S&P Latin America 40	Latin America
FTSE Bursa Malaysia KLCI Index	Malaysia
Mexico Bolsa Index	Mexico
AEX	Netherlands
S&P NZX 15 Index	New Zealand
OBX	Norway
WIG20	Poland
PSI 20	Portugal
MSCI Russia Index	Russia
Russian Traded Index	Russia
FTSE Straits Times Index	Singapore
FTSE JSE Top 40	South Africa
INDI 25 Index	South Africa
KOSPI 100	South Korea
IBEX35	Spain
OMXS60	Sweden
OMXSB	Sweden
SMI Expanded Index	Switzerland
TSEC Taiwan 50	Taiwan
FTSE Nasdaq Dubai UAE 20 Index	UAE
FTSE 350 <sup>9</sup>	UK
NASDAQ100	USA
S&P 500	USA

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<sup>9</sup> Includes the FTSE 100



Russell 1000 Index

USA

**Table 2**

**Convertible bond indices**

Exane ECI-Europe

Europe

Jefferies JACI Global

Global

Thomson Reuters Global  
Convertible

Global

**ANNEX II**

**RECOGNISED EXCHANGES SPECIFIED UNDER ARTICLE 197 OF REGULATION (EU)  
NO 575/2013**

**Table 1**

**Regulated markets having a clearing mechanism in accordance with point 72 of Article 4(1) of Regulation (EU) No 575/2013 and on which contracts listed in Annex II of Regulation (EU) No 575/2013 are not traded**

<b>Regulated market</b>	<b>MIC</b>
EURONEXT PARIS	XPAR
BOERSE BERLIN (REGULIERTER MARKT)	BERA
BOERSE BERLIN (BERLIN SECOND REGULATED MARKET)	BERC
BOERSE DUESSELDORF (REGULIERTER MARKT)	DUSA
BOERSE DUESSELDORF - QUOTRIX (REGULIERTER MARKT)	DUSC
BOERSE BERLIN EQUIDUCT TRADING (REGULIERTER MARKT)	EQTA
BOERSE BERLIN EQUIDUCT TRADING (BERLIN SECOND REGULATED MARKET)	EQTB
HANSEATISCHE WERTPAPIERBOERSE HAMBURG (REGULIERTER MARKT)	HAMA
NIEDERSAECHSISCHE BOERSE ZU HANNOVER (REGULIERTER MARKT)	HANA
BOERSE MUENCHEN (REGULIERTER MARKT)	MUNA
BOERSE MUENCHEN - MARKET MAKER MUNICH (REGULIERTER MARKT)	MUNC
BADEN-WUERTTEMBERGISCHE WERTPAPIERBOERSE (REGULIERTER MARKT)	STUA
FRANKFURTER WERTPAPIERBOERSE (REGULIERTER MARKT)	FRAA, XETA
TRADEGATE EXCHANGE (REGULIERTER MARKT)	XGRM
IRISH STOCK EXCHANGE - MAIN SECURITIES MARKET	XDUB
EURONEXT LISBON	XLIS
BOLSA DE BARCELONA	XBAR, XMCE
BOLSA DE BILBAO	XBIL, XMCE
BOLSA DE MADRID	XMAD, XMCE, MERF
BOLSA DE VALENCIA	XVAL, XMCE
BONDVISION MARKET	BOND

ELECTRONIC OPEN-END FUNDS AND ETC MARKET	ETFP
MARKET FOR INVESTMENT VEHICLES (MIV)	MIVX
ELECTRONIC BOND MARKET	MOTX
ELECTRONIC SHARE MARKET	MTAA
MTS GOVERNMENT MARKET	MTSC
MTS CORPORATE MARKET	MTSM
SECURITISED DERIVATIVES MARKET	SEDX
MERCADO DE DEUDA PUBLICA EN ANOTACIONES	XDPA
AIAF - MERCADO DE RENTA FIJA	XDRF, SEND
BOURSE DE LUXEMBOURG	XLUX
CYPRUS STOCK EXCHANGE	XCYS
SPOT REGULATED MARKET - BMFMS	SBMF
SPOT REGULATED MARKET - BVB	XBSE
RM-SYSTEM CZECH STOCK EXCHANGE	XRMZ
PRAGUE STOCK EXCHANGE	XPRA
BATS EUROPE REGULATED MARKET	BATE, CHIX
ISDX MAIN BOARD	ISDX
EURONEXT LONDON	XLDN
LONDON STOCK EXCHANGE - REGULATED MARKET	XLON
NASDAQ RIGA	XRIS
NASDAQ STOCKHOLM	XSTO
NORDIC GROWTH MARKET NGM	XNGM
NASDAQ COPENHAGEN	XCSE
OSLO AXESS	XOAS
OSLO BØRS	XOSL
NASDAQ TALLINN	XTAL
NASDAQ HELSINKI	XHEL
VIENNA STOCKEXCHANGE OFFICIAL MARKET (AMTLICHER HANDEL)	WBAH
VIENNA STOCKEXCHANGE SECOND REGULATED MARKET (GEREGELTER FREIVERKEHR)	WBGF
BULGARIAN STOCK EXCHANGE – SOFIA JSC	XBUL
NASDAQ ICELAND	XICE

BUDAPEST STOCK EXCHANGE	XBUD
BRATISLAVA STOCK EXCHANGE	XBRA
NASDAQ VILNIUS	XLIT
EURONEXT BRUSSELS	XBRU
ZAGREB STOCK EXCHANGE	XZAG
ELECTRONIC SECONDARY SECURITIES MARKET	HDAT
ATHENS EXCHANGE SECURITIES MARKET	XATH
EUROPEAN WHOLESALE SECURITIES MARKET	EWSM
MALTA STOCK EXCHANGE	XMAL
EURONEXT AMSTERDAM	XAMS
BONDSPOT SECURITIES MARKET	RPWC
WARSAW STOCK EXCHANGE	XWAR, WBON, WETP
LJUBLJANA STOCK EXCHANGE OFFICIAL MARKET	XLJU
GIBRALTAR STOCK EXCHANGE	GSXL

**Table 2**

**Regulated markets having a clearing mechanism on which contracts listed in Annex II of Regulation (EU) No 575/2013 are traded and subject to daily margin requirements which provide appropriate protection in the opinion of the competent authorities in accordance with point 72 of Article 4(1) of Regulation (EU) No 575/2013**

<b>Regulated market</b>	<b>MIC</b>
MATIF	XMAT
MONEP	XMON
POWERNEXT DERIVATIVES	XPOW
EUROPEAN ENERGY EXCHANGE	XEEE
EUREX DEUTSCHLAND	XEUR
MERCADO DE FUTUROS E OPCOES	MFOX
MERCADO REGULAMENTADO DE DERIVADOS DO MIBEL	OMIP
MEFF EXCHANGE	XMRV, XMPW
MERCADO DE FUTUROS DE ACEITE DE OLIVA - S.A	XSRM
DERIVATIVES REGULATED MARKET - BMFMS	BMFM
POWER EXCHANGE CENTRAL EUROPE	XPXE
CME EUROPE LIMITED	CMED



ICE FUTURES EUROPE - ENERGY PRODUCTS DIVISION	IFEU
ICE FUTURES EUROPE - FINANCIAL PRODUCTS DIVISION	IFLL
ICE FUTURES EUROPE - EQUITY PRODUCTS DIVISION	IFLO
ICE FUTURES EUROPE - AGRICULTURAL PRODUCTS DIVISION	IFLX
THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGES (LIFFE)	XLIF
THE LONDON METAL EXCHANGE	XLME
LONDON STOCK EXCHANGE DERIVATIVES MARKET	XLOD
ITALIAN DERIVATIVES MARKET	XDMI
NASDAQ STOCKHOLM	XSTO
FISH POOL	FISH
NOREXECO	NEXO
NASDAQ OSLO	NORX
OSLO BØRS	XOSL
EURONEXT BRUSSELS DERIVATIVES	XBRD
ATHENS EXCHANGE DERIVATIVES MARKET	XADE
VIENNA STOCKEXCHANGE OFFICIAL MARKET (AMTLICHER HANDEL)	WBAH
BUDAPEST STOCK EXCHANGE	XBUD
ICE ENDEX DERIVATIVES	NDEX
EURONEXT EQF - EQUITIES AND INDICES DERIVATIVES	XEUE
WARSAW STOCK EXCHANGE/COMMODITIES/POLISH POWER EXCHANGE/COMMODITY DERIVATIVES	PLPD