

## **PUBLIC STATEMENT**

### **ESMA readies guidelines on automated trading – application deadline starts**

ESMA today publishes the official translations of its final “Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities” (ESMA/2011/456), first published on 21 December 2011. High Frequency Trading (HFT) is one form of automated trading.

By having translated the guidelines into all the official languages of the EU, today’s publication triggers a transitional period of two months within which national supervisors have to declare whether they intend to comply with the guidelines or otherwise explain the reasons for non-compliance which would be made public by ESMA. According to the ESMA Regulation national supervisors have to make every effort to comply with the Guidelines.

#### **Market participants expected to comply by May 2012**

ESMA expects the Guidelines to become effective and to be applied across the EU from 1 May 2012. This will foster convergence in supervisory practices regarding automated trading across the Union and help in providing a level-playing-field to investors.

The finalisation and publication of these Guidelines follow extensive consultation with stakeholders in 2011.



## Notes for editors

1. ESMA is an independent EU Authority that was established on 1 January 2011 according to EU Regulation No. 1095/2010 as published on December 15, 2010, in the Official Journal of the European Union (L 331/84). The Authority contributes to safeguarding the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. In particular, ESMA fosters supervisory convergence both amongst securities regulators, and across financial sectors by working closely with the other European Supervisory Authorities competent in the field of banking (EBA), and insurance and occupational pensions (EIOPA).
2. ESMA's work on securities legislation contributes to the development of a single rule book in Europe. This serves two purposes; firstly, it ensures the consistent treatment of investors across the Union, enabling an adequate level of protection of investors through effective regulation and supervision. Secondly, it promotes equal conditions of competition for financial service providers, as well as ensuring the effectiveness and cost efficiency of supervision for supervised companies. As part of its role in standard setting and reducing the scope of regulatory arbitrage, ESMA strengthens international supervisory co-operation. Where requested in European law, ESMA undertakes the supervision of certain entities with pan European reach.
3. ESMA also contributes to the financial stability of the European Union, in the short, medium and long-term, through its contribution to the work of the European Systemic Risk Board, which identifies potential risks to the financial system and provides advice to diminish possible threats to the financial stability of the Union. ESMA is also responsible for coordinating actions of securities supervisors or adopting emergency measures when a crisis situation arises.

Further information:

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