

PRESS RELEASE

ESMA publishes final rules to ensure integrity of EU financial benchmarks

The European Securities and Markets Authority (ESMA) has published its [final report](#) containing the draft regulatory and implementing technical standards (RTS/ITS) under the Benchmarks Regulation (BMR). These contain the detailed rules to implement the new European regulatory framework aimed at ensuring the accuracy and integrity of benchmarks across the European Union.

The draft RTS/ITS set out the behaviours and standards expected of administrators and contributors, and will ensure that financial benchmarks are produced in a transparent and reliable manner. The draft standards include provisions ensuring:

- the full process of provision of a benchmark is checked by a new oversight function that administrators have to establish;
- the potential manipulation of benchmarks is minimised, through new rules regarding the methodology of calculation and the contribution of input data;
- that conflicts of interest of administrators and contributors are properly managed; and
- a level playing field across different Member States for the authorisation and registration of benchmark's administrators.

Steven Maijoor, ESMA Chair, said:

“The Benchmarks Regulation will ensure the accuracy, robustness and integrity of benchmarks and the benchmark setting process by clarifying the behaviours and standards expected of administrators and contributors.

“These requirements will ensure that benchmarks are produced in a transparent and reliable manner and so contribute to well-functioning and stable markets, and investor protection.

“The draft standards published today establish a common regulatory framework under which benchmarks are provided, produced and used, which will help to restore trust

both in benchmarks and financial markets.”

Background

Benchmarks are used in financial markets as a reference to price financial instruments and to measure performance of investment funds, and are used in many financial contracts. Their integrity is critical to financial markets and to investors in particular. The BMR’s objective is to improve the governance and control over the benchmark process, thereby ensuring their reliability and protecting users. The Benchmarks Regulation has the following objectives:

- Improving governance and controls over the benchmark process, in particular to ensure that administrators avoid conflicts of interest, or at least manage them adequately;
- Improving the quality of input data and methodologies used by benchmark administrators;
- Ensuring that contributors to benchmarks and the data they provide are subject to adequate controls, in particular to avoid conflicts of interest;
- Protecting consumers and investors through greater transparency and adequate rights of redress.

ESMA will coordinate the supervision of benchmark administrators by national competent authorities. For critical benchmarks, colleges of national supervisors including ESMA will be set up and take key decisions

Next Steps

ESMA has submitted the final draft RTS to the European Commission, which now has three months in which to approve or reject them. The Benchmarks Regulation will fully come into force on 1 January 2018.

Notes for editors

1. [ESMA70-145-48 Final Report - Draft technical standards under the Benchmarks Regulation](#);
2. Regulation [\(EU\) 2016/1011](#) of the European Parliament and the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;
3. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- 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.
4. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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