

EUROPEAN COMMISSION
Directorate General Internal Market and Services

Director General

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Mr Steven Maijor
Chairman
European Securities and Markets
Authority (ESMA)
103 Rue de Grenelle
75007 Paris

Subject: REQUEST TO ESMA FOR TECHNICAL ADVICE ON POSSIBLE DELEGATED ACTS CONCERNING THE REGULATION of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts

Dear Steven,

On 25 November 2015 the European Parliament and the Council reached political agreement on a compromise text of the Commission's proposal for a Regulation of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts. This compromise text was endorsed by COREPER on 09 December 2015. The European Parliament is expected to vote on the text in April 2016 and the Regulation is expected to enter into force in late May or early June 2016.

The objective of the Regulation is to improve the functioning and governance of benchmarks and to ensure that benchmarks produced and used in the EU are robust, reliable, representative and fit for purpose and that they are not subject to manipulation.

Certain elements of the Regulation need to be further specified in delegated acts to be adopted by the Commission. In most cases these delegated acts should enter into application by 18 months after the entry into force of the Regulation. The enclosed mandate for technical advice on the delegated acts in the Regulation addresses only those. The other delegated acts concern issues which become relevant only at a later stage.

The mandate is based on the text endorsed by COREPER. Should the text change in the further process in parts which are relevant for this mandate, we would come back to you and amend the mandate accordingly. However, this is not expected to happen. We therefore welcome the fact that ESMA has already begun its preparatory work on the necessary implementing measures on the basis of the current text and intends to launch a public consultation soon.

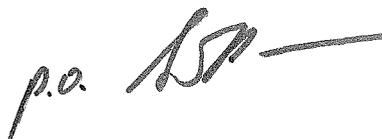
In terms of timing for the delivery of the technical advice requested, the enclosed mandate takes into consideration that ESMA needs enough time to prepare its technical advice and that the Commission needs enough time to consider that advice in preparing, drafting and adopting the delegated acts. It also takes into account the right of the European Parliament and the Council to object to a delegated act within 3 months (which can be extended by 3 months). Delegated acts need to be adopted and published in the Official Journal in time for the entry into application of the Regulation, which will be 18 months after the entry into force of the Regulation.

The deadline for ESMA to submit the technical advice is set at 4 months after the entry into force of the Regulation which is expected to take place in late May or early June 2016. We trust that by setting the deadline in this way, and by sending you this mandate prior to the entry into force of the Regulation, ESMA will have sufficient time to carry out its technical advice.

This request for technical advice will be made available on DG FISMA's website once it has been sent to ESMA and the European Parliament and the Council will be duly informed about it.

As always, it will be essential for the Commission and ESMA to cooperate very closely and I am confident that this cooperation will enable a successful outcome in the preparation and adoption of the delegated acts.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'p.o. Guersent', with a long horizontal stroke extending to the right.

Olivier Guersent

Enclosure: Mandate to ESMA for technical advice

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