



EUROPEAN COMMISSION

Brussels, 15 VI 2015
C(2015) 3862 final

Dear Chairman,

The Commission would like to thank the House of Commons for its second Opinion on the proposal for a Regulation on indices used as benchmarks in financial instruments and financial contracts {COM(2013) 641 final}, and apologise for the delay in replying.

We take seriously the concerns expressed by the Committee as regards subsidiarity and proportionality. It is important also to note that the problems with benchmarks are not contained within a jurisdiction but are general in nature and apply to any benchmark wherever it is located and used. Benchmarks are international in nature – they can be used as a reference for financial instruments and contracts which may be traded across borders. Therefore, the regulation of benchmarks at national level would not be likely to address this cross-border dimension sufficiently and there remains a case for taking action at the European level. Purely national action could result in inconsistent rules and impede the cross border use and provision of the financial instruments and contracts that use benchmarks. In addition, it is important to provide a framework that will be sufficient to protect the interests of, and provide a level playing field for, benchmarks contributors and users across the EU.

With regard to your concerns around compliance costs for administrators and contributors, we note that the majority of the requirements in the proposal are in line with the IOSCO Principles and existing industry good practice. A clear framework for the reliability and integrity of benchmarks will enhance legal certainty for administrators, contributors, and users. Nevertheless, both the European Parliament and the Council are developing further the proportionality aspects of the Commission proposal in particular in relation to benchmarks defined as "non-critical", and we will take the House of Commons' comments into account during the remainder of the negotiations.

We thank the House of Commons for this contribution to the debate and look forward to continuing our political dialogue.

Yours faithfully,

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First Vice-President

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