



# Regulatory reform of EU commodity derivatives markets

State of play

**DG AGRI Expert Group Meeting  
Brussels, 10 July, 2014**

# The MIFID review: main objectives

- Close loopholes and achieve more efficient markets by shifting trade on to multilateral and transparent platforms in line with G20 consensus
- Improve oversight and transparency of commodity derivative markets to ensure their function for hedging and price discovery
- Ensure fair competition and efficient markets
- Updates required in light of developments in market structures and technology
- Raise investor protection in specific areas to support confidence
- Increased supervisory convergence across the single market
- Bring about a harmonised third country regime

# State of play

- Comprehensive package ("MIFID II"):
  - Markets in Financial Instruments Directive (MiFID)
  - Markets in Financial Instruments Regulation (MiFIR)
  - Market Abuse Regulation (MAR)
  - Criminal Sanctions on Market Abuse Directive (CSMAD)
- Timing:
  - Political agreement on MAR endorsed by EP on 10 September 2013
  - Political agreement on CSMAD on 10 December 2013, endorsed by the EP vote on 4 February
  - Political agreement on MIFID/R on 14 January 2014, EP endorsement April 2014
  - Entry into application – publication in OJ 12 June 2014 + 20 days
    - MAR & CSMAD - 24 months (3 July 2016)
    - MiFID/R - 30 months (3 January 2017)

# State of Play - Level 2 process - MIFID

Commission delegated acts based on advice from ESMA (predominantly investor protection issues, definitions and some transparency issues)

ESMA Regulatory technical standards (RTS) and Implementing technical standards (ITS) (predominantly organisational requirement, micro structural issues, market structure/transparency, data reporting and publication)

ESMA Guidelines foreseen in some areas (esp organisational requirements)

Timing: RTS 12 months, ITS 18 months, technical advice 8 months

ESMA organised hearing on 7-8 July

# State of Play - Level 2 process – MAR/CMAD

Commission delegated acts based on advice from ESMA (indications of market manipulation, competent authority for notifications of delayed disclosure, managers transactions)

ESMA Regulatory technical standards (RTS) and Implementing technical standards (ITS) (buy back, market soundings, investment recommendations, suspicious transaction reporting)

ESMA Guidelines foreseen in some areas (insider info in relation to commodity derivatives)

Timing: RTS + ITS 12 months, technical advice 8 months

# Commodity derivatives

## Key areas of political agreement

- Delineation between financial & physical markets
- Exemptions: capture non-financial entities acting as financial entities
- Position limits/reporting/management: market transparency and orderly pricing

# Benchmarks

- **Commission proposal adopted on 18 September 2013:**
- **Council working group started end February (5 meetings)**
- **Vote in EP suspended**
- **Objective to conclude negotiations with EP and Council by end 2014/early 2015 so the rules come into effect early 2016.**

# Thank you for your attention