

AFME Response to Economic and Monetary Affairs' public consultation on market manipulation: lessons and reform post LIBOR/EURIBOR

To: Arlene McCarthy

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Submitted online to: econ-secretariat@europarl.europa.eu

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the Committee on Economic and Monetary Affairs' public consultation on market manipulation: lessons and reform post LIBOR/EURIBOR.

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants.

AFME would like to endorse the response by the Global Financial Markets Association (GFMA) provided on 7 September 2012 and fully supports the set of Principles for Financial Benchmarks that the GFMA has recently developed in order to promote both the integrity and efficiency of the global financial markets.

For ease of reference we have attached a link to the GFMA submission.

<http://www.gfma.org/correspondence/item.aspx?id=350>

We strongly believe that international standards are needed to govern the issuance of financial benchmarks and welcome the efforts of the international regulatory community to examine this issue in order to promote integrity, trust and fairness in the financial services industry.

Additionally we would like to draw your attention to the following specific points:

- AFME believes that the manipulation of benchmarks should be recognised as Market Abuse by the Market Abuse Directive and the Market Abuse Regulation.
- We believe that using the correct definition of benchmarks is particularly important and would suggest that ECON may wish to adopt the definition provided by the GFMA in its Principles for Financial Benchmarks whilst also noting the exemptions suggested.¹
- We believe that before taking substantive legislative action further work on surveying the governance and uses of benchmarks is required and note the EU Commission's consultation in this aspect.
- We welcome ECON's leadership in this area and encourage the European Parliament to play an active role in developing an appropriate potential regulatory regime going forward.

Thank you very much for the consideration of our comments - should you wish to discuss this further please contact me at your convenience.

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¹ A benchmark could be defined "as a commercial or published price assessment, distributed regularly to third parties and primarily intended for use as a reference in determining the pricing of, or the amount payable pursuant to, a financial instrument or contract. Thus, benchmarks may be established from the market prices or rates for transactions in debt or equity securities, the foreign exchange, money and commodity markets, or derivatives of any of these".