

## Market abuse

2011/0295(COD) - 25/07/2012 - Supplementary legislative basic document

The Commission presents an amended proposal for a regulation on insider dealing and market manipulation (market abuse).

On 20 October 2011, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council on insider dealing and market manipulation (market abuse) (please see the summary of the same date).

Since March 2011, investigations have been taking place in relation to possible manipulation of the EURIBOR and LIBOR benchmarks for interbank lending rates by a number of banks. It is suspected that these banks had provided estimates of the interest rate at which they would accept offers of funding which were different from the rate they would have accepted in practice.

As a result, the level of EURIBOR and LIBOR rates which are used as a benchmark for borrowing and as a reference for the pricing of many financial instruments, such as interest rate swaps may have been altered and the integrity of LIBOR and EURIBOR called into question.

The Commission has assessed whether the possible manipulation of benchmarks including LIBOR and EURIBOR would be captured by its proposals for a Regulation on insider dealing and market manipulation and the related [proposal for a Directive on criminal sanctions for insider dealing and market manipulation](#) presented in October 2011. The European Parliament has also emphasised the importance of this matter.

Given that benchmarks are not currently covered by either proposal, the Commission has concluded that direct manipulation of benchmarks does not fall within the scope of either proposal.

Therefore, in order to ensure that the manipulation of benchmarks is covered by common European rules to prevent market abuse, the Commission proposes to amend its proposal for a Regulation as follows:

- amendment to the scope of the proposed regulation (Article 2) to include benchmarks;
- amendment to the definitions (Article 5) to include a definition of benchmarks, based on an expanded version of the definition used in the proposal for a regulation on markets in financial instruments (MiFIR);
- amendments to the definition of the offence of market manipulation (Article 8) to capture manipulation of benchmarks and attempts at such manipulation; and
- addition of a recital to clarify that the extension of the scope of the Regulation and the market manipulation offence include benchmarks.