ESMA AND THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION TO COOPERATE ON BENCHMARKS

20 October 2019

BENCHMARKS

The European Securities and Markets Authority (ESMA) and the Australian Securities and Investments Commission (ASIC) are pleased to announce that they have signed a Memorandum of Understanding ([MoU)](https://www.esma.europa.eu/sites/default/files/library/mou_bmr_esma_asic_signed_09_19_2019.pdf)setting out cooperation arrangements in respect of Australian benchmarks.

The EU Benchmarks Regulation (BMR) prescribes a European common framework to ensure the integrity and accuracy of benchmarks used in the EU.

On 29 July 2019, under Article 30 of Regulation (EU) 2016/1011, the European Commission recognised Australia’s legal and supervisory framework applicable to the administrators of certain financial benchmarks as equivalent to the corresponding requirements under the BMR, and recognised that those requirements are subject to effective supervision and enforcement.

This decision will allow benchmarks declared significant by ASIC (BBSW, S&P/ASX200, Bond Futures Settlement Price, CPI, and Cash Rate) to be used in the EU by EU-supervised entities.

The MoU sets out appropriate cooperation arrangements to complement the EU’s equivalence decision, as well as to ensure effective information exchange and supervisory coordination. Under it, both authorities agree to provide each other with the fullest cooperation permissible under their laws and regulations in relation to all relevant information and supervisory activities regarding the covered benchmarks.

Both authorities agree to confidentiality requirements for any information shared, requests made, and contents of the requests made, under the MoU.

The MoU was signed on 9 October 2019 by James Shipton, the Chair of ASIC, and by Steven Maijoor, the Chair of ESMA.

Commenting on the MoU, James Shipton said:

“Enhancing and improving regulatory cooperation with our international counterparts is a priority for ASIC. We are very pleased to announce this agreement and look forward to our cooperation with ESMA in the future.

Benchmarks play a vital role in cross-border financial transactions and international regulators need to work together to ensure their integrity and accuracy.

When we provide mutual assistance to each other and exchange views and information, this helps ASIC to achieve its vision for a fair, strong and efficient financial system for all Australians”.

Steven Maijoor, ESMA Chair, said:

 “The use of financial benchmarks in global capital markets is important for market participants and their accuracy and reliability needs to be ensured at all times. In order to help regulators achieving these objectives, I am pleased that the ESMA-ASIC Memorandum of Understanding will support European regulators and ASIC to work together on a sound legal basis.”

ASIC is Australia's integrated corporate, markets, financial services and consumer credit regulator. ASIC is an independent Commonwealth Government body. Its vision is for a fair, strong and efficient financial system for all Australians.

ESMA is the European Union’s regulator for securities markets. Its mission is to enhance investor protection and promote stable and orderly financial markets.