MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular to the financial services industry regarding the new Market Abuse Regulation

The Authority would like to draw your attention to the following:

The EU Permanent Representatives Committee (COREPER) have on the 26 June 2013 approved, on behalf of the Council, a compromise reached with the European Parliament on a draft regulation aimed at tackling insider dealing and market manipulation on securities markets.

The new market abuse rules extends the scope to financial instruments traded on new more recently-created venues such as multilateral trading facilities and organised trading facilities and over the counter (OTC), which are currently not covered by EU legislation, and adapting rules to new technology such as High Frequency Trading.

The manipulation of benchmarks, such as LIBOR, will be explicitly prohibited and subject to administrative sanctions.

Market abuse occurring across both commodity and related derivative markets will also be prohibited, and cooperation between financial and commodity regulators will be reinforced.

A number of measures will be introduced to ensure regulators have access to the information they need to detect and sanction market abuse. Since the sanctions currently available to regulators often lack a deterrent effect, tougher and more harmonised sanctions will be introduced.

Moreover, these rules are set to reduce the administrative burden on SME issuers.

The Presidency has negotiated with the European Parliament on behalf of EU Member States and this agreement is still subject to final approval of the European Parliament. The agreement will enable the Presidency to start negotiations with the European Parliament on the draft Directive, with the aim of adopting both regulation and directive at first reading. Negotiations on the regulation were concluded at a "trilogue" meeting with the Parliament on the 20 June.

Contact persons with regards to the regulation of market abuse: Mr. Christopher P. Buttigieg, Deputy Director, Securities and Markets Supervision Unit [email: cbuttigieg@mfsa.com.mt], or Mr. Edward Grech, Analyst, Securities and Markets Supervision Unit [e-mail: egrech@mfsa.com.mt].

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