

23 November 2021

Circular on Regulation (EU) 2016/1011 – the Benchmarks Regulation ('BMR')

Introduction

This circular is being addressed to market participants, particularly those falling within the scope of the Benchmarks Regulation ('BMR'), particularly administrators of benchmarks, contributors of benchmarks and users of benchmarks.

This circular shall be read in conjunction with the Regulation, the delegated regulations and previous circulars issued by the Authority, as the case may be.

ESMA proposes changes to the scope of the Clearing and Derivative Trading Obligations for the Benchmark transition.

The Authority would like to inform market participants that on the 18 November 2021, the European Securities and Markets Authority ('ESMA') has published its [Final Report](#) on Draft RTS on the clearing and derivative trading obligations in view of the benchmark transition to risk free rates.

The purpose of this document is to amend the scope of the clearing obligation ('CO') and derivative trading obligation ('DTO') for over-the-counter ('OTC') interest rate derivatives (IRD) denominated in EUR, GBP, JPY and USD, as part of the transition away from EONIA and LIBOR to Risk-Free rates such as €STR and to provide guidance on the timeframes for when these changes should come into effect.

In view of the above, ESMA's proposition is targeted at removal of the IRD classes from both CO and DTO referencing GBP and USD LIBOR, as well as IRD classes from CO referencing EONIA and JPY LIBOR and introduce IRD classes referencing €STER, SONIA and SOFR to the Clearing Obligations.

Accordingly, the proposed amendments aim to ensure smooth transition and maintain an effective scope for both Clearing and Derivative Trading Obligations, in line with the G20 objectives.

Next Steps

The draft RTS have been submitted to the European Commission for endorsement in the form of Commission Delegated Regulations. Accordingly, ESMA is aware that adoption process may take time and states that it would be beneficial for the new provisions to enter into force as soon as possible and ahead of the actual benchmark transition.

Contacts

Should you have any queries on the above, please do not hesitate to contact the Authority's Market Infrastructures team on MarketInfrastructures@mfsa.mt for any further clarifications.