

PRESS RELEASE

ESMA details new market abuse regime

The European Securities and Markets Authority (ESMA) has launched a [consultation](#) on the new Market Abuse Regulation (MAR) which entered into force on 2 July 2014. It is issuing two consultation papers seeking stakeholders' views on the draft regulatory and implementing technical standards (RTS/ITS) and Technical Advice (TA), ESMA has to develop for the implementation of the new MAR framework which will become applicable in July 2016.

The new Market Abuse regime was introduced in order to keep pace with new trading platforms and technologies in financial markets, which, besides offering new opportunities, may also result in new possibilities for abusive behaviour. Such manipulation can ultimately result in losses for consumers and investors or distortion of the real economy if investors trade on insider information or manipulate markets by spreading false or misleading information.

MAR broadens reach of rules to new products, venues and trading techniques

In order to increase the prevention of market manipulation, and increase the level of investor protection, ESMA's draft RTS/ITS and TA specify the application of MAR to new products, venues and trading techniques and addresses transparency and governance issues.

ESMA's technical provisions address the potential for a financial instrument to be manipulated not only by executing transactions on a trading venue, or across different venues, but assume that manipulation or attempted manipulation of financial instruments may also consist in placing orders which are not executed.

A financial instrument may also be manipulated through behaviour occurring outside a trading venue or within an automated trading environment through the use of electronic means of trading, such as algorithms including high frequency trading strategies. To this end ESMA's technical work updates and strengthens the existing framework by defining how to address these new markets and trading strategies and by introducing new requirements.



The draft ESMA RTS/ITS and Technical Advice cover the following main areas:

- market manipulation indicators;
- prevention and detection of market abuse, including suspicious transactions and order reporting;
- accepted market practices;
- market soundings;
- conditions for and disclosure of buy-back programmes and transaction stabilisation;
- disclosure of managers' transactions;
- provisions for insider lists;
- disclosure of inside information, including possible exemptions and delays; and
- investment recommendations or other information recommending or suggesting an investment strategy by staff, including the avoidance of conflicts of interests.

Next steps

Both Consultation Papers are open for feedback until 15 October 2014. In addition, ESMA will hold an open hearing in Paris in early October 2014. ESMA will use the answers received to draft its final RTS and TA on MAR and send them for endorsement to the European Commission. ESMA has twelve months to finalise its RTS and ITS and eight months for the TA.



Notes for editors

1. The consultation paper for the [MAR RTS](#) and the [TA](#) are available on ESMA's website.
2. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
3. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

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