

ESMA publishes a supervisory briefing on pre-trade transparency requirements in commodity derivatives

The Supervisory Briefing was developed after ESMA became aware that the provisions were not implemented in a consistent manner across the European Union. It aims to increase supervisory convergence among national competent authorities (NCAs), in their implementation of the requirements, and to provide a common timetable for the enforcement of the commodity derivatives pre-trade transparency regime, with the objective of ensuring a level playing field across EU trading venues.

It clarifies that NCAs should ensure that trading venues do not operate trading functionalities which allow the formalisation of negotiated trades in the absence of a compliant waiver.

To achieve this objective, the Supervisory Briefing sets the following common three-step timetable:

1. NCAs should gather information on the plans of each relevant trading venue to comply with the pre-trade transparency requirements, and ESMA should assess those plans. At the time of publication, this first phase has already been completed;
2. NCAs should make sure that all the relevant trading venues either operate under a compliant pre-trade waiver or are pre-trade transparent. This phase should be completed by the end of 2019; and
3. NCAs should take supervisory measures in case of non-compliance, starting from 1 January 2020

Next steps

ESMA will closely cooperate with NCAs and regularly monitor the application of the Supervisory Briefing. In particular, ESMA will review the progress and measures undertaken six months after the beginning of the third step.