

MEMO# 26520

September 26, 2012

European Commission Consultation on the Regulation of Indices

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TO: ICI GLOBAL STEERING COMMITTEE No. 9-12
ICI GLOBAL EXCHANGE TRADED FUNDS COMMITTEE No. 1-12
SEC RULES COMMITTEE No. 57-12
ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 31-12
ETF ADVISORY COMMITTEE No. 32-12
INTERNATIONAL COMMITTEE No. 38-12 RE: EUROPEAN COMMISSION CONSULTATION ON THE REGULATION OF INDICES

The European Commission recently released a consultation paper (the “Consultation”) on the regulation of indices, subtitled “A Possible Framework for the Regulation of the Production and Use of Indices serving as Benchmarks in Financial and other Contracts.” [*](#) The Consultation explains that the recent alleged manipulation of LIBOR and other benchmarks “has highlighted both the importance of indices and their vulnerabilities.” It states that “the integrity of benchmarks is critical to the pricing of many financial instruments,” such as interest rate swaps, forward rate agreements, and commercial and non-commercial contracts, and that doubts about the accuracy and integrity of indices or benchmarks may undermine market confidence.

Against this background, the Consultation seeks to “identify the key issues and shortcomings in production and use of benchmarks in order to assess the need for any necessary changes to the legal framework...”. To that end, it requests stakeholder input on a series of specific questions in the following five categories:

1. Indices and Benchmarks: What they are, who produces them and for which purposes?
2. Calculation of Benchmarks: Governance and Transparency.
3. The Purpose and Use of Benchmarks.
4. Provision of Benchmarks by Private or Public Bodies.
5. Impact of Potential Regulation: Transition, Continuity and International Issues.

Comments on the Consultation are due November 15, 2012. We will hold a joint call on Monday, October 1 at 12:00 p.m. eastern time to discuss a possible comment letter from ICI and ICI Global. Please let Jennifer Odom (jodom@ici.org) know if you would like to attend the call. Dial-in information will only be sent to those who RSVP.

Mara Shreck
Associate Counsel

endnotes

*The Consultation is available at
http://ec.europa.eu/internal_market/consultations/docs/2012/benchmarks/consultation-document_en.pdf.

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