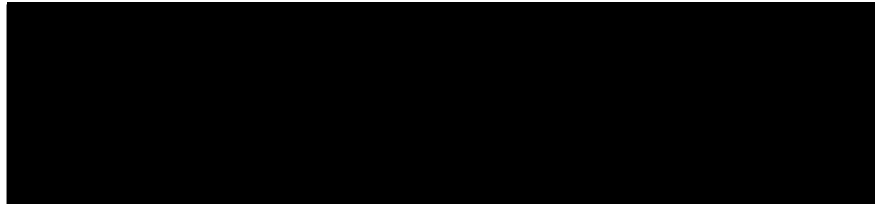


To:




Subject:

BELTRAMELLO Andrea (CAB-DOMBROVSKIS)
EMT - meeting with IIA on 24/09/2019

EMT - meeting with IIA on 24/09/2019

EC: Andrea Beltramello (CAB Dombrovskis), 

IIA: 

FTI Consulting: 

The Index Industry Association (IIA) wanted to catch up with CAB Dombrovskis and DG FISMA about the upcoming review of the Benchmark Regulation.

IIA is an association of independent index providers, i.e. those who do not trade products based on their own indices. This removes any adverse incentives in relation to market movements that might taint their impartiality as index providers. IIA's members provide ca. 3.7 million indices, covering 98% of indexes globally. For IIA, the BMR has driven an increase in membership.

IIA is satisfied with the way issues related to the definition of regulated data benchmarks have been resolved in recent amendments to the Benchmark regulation. Despite this, the on-site inspections in outsourcing situations are still a cause for concern for IIA's members, particularly in Asia.

In view of the **review of the Benchmark Regulation**, IIA would like to make sure the following topics are on the Commission's radar:

- The nexus between equivalence of markets under MiFIR and the status of regulated data benchmark (e.g., currently the S&P 500 does not qualify as a regulated data benchmark and may as a consequence become a critical benchmark);
- Potential Brexit-related cliff effects;
- The current user-unfriendliness of the ESMA register (no search functionality, no unequivocal benchmark identifier, etc.). IIA advocates for an industry-ESMA roundtable to make the register more useful without requiring extensive overhaul.
- IIA cautioned against adding further layers of complexity to the benchmarks regime – the addition of labels (of climate benchmarks) to categories (non-significant, significant, critical) and types (commodity, interest rate, regulated data) of benchmarks has made the setup sufficiently complex.

CAB Dombrovskis and DG FISMA updated IIA on the process and expected timeline of the BMR review exercise, leading to the publication of a report to the EP and Council in early 2020.

In relation to the **climate-related benchmarks** and the sustainable finance package in general, IIA transmitted the concerns of its members over the application date in view of the expected delivery date of L2 measures by ESMA.

IIA also pointed out that the sustainable finance benchmarks category is developing quickly and expressed the hope that the L2 measures would be sufficiently flexible to accommodate market innovations. IIA added that its members are generally very favourable towards the sustainable finance initiative.

Finally, IIA mentioned that it would see merit in exploring whether benchmarks as instruments might be useful in fostering the **CMU**.