



Council of the
European Union

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NOTE

From: Ms Verena ROSS, The Chair, European Securities and Markets Agency (ESMA)

To: Ms Mairead McGuinness, Commissioner for Financial Stability, Financial Services and the Capital Markets Union, European Commission

Subject: ESMA preliminary data report on the introduction of the market correction mechanism

Delegations are informed that the report on the subject mentioned above was published on 23 January 2023.

The report can be viewed and downloaded from ESMA's website:

https://www.esma.europa.eu/sites/default/files/library/esma70-446-775_preliminary_data_report_on_mcm.pdf

https://www.esma.europa.eu/sites/default/files/library/esma70-446-779_mcm_preliminary_report_letter_to_the_ec.pdf

https://www.esma.europa.eu/sites/default/files/library/esma70-46-778_annex_ii_-_points_for_clarification.pdf

Encl.: Letter from ESMA to the European Commission

Mairead McGuinness
Commissioner in charge of Financial
Stability, Financial Services and
Capital Markets Union
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

Ref: ESMA preliminary data report on the introduction of the market correction mechanism

Dear Commissioner McGuinness, *dear Mairead,*

I am writing to you regarding the newly established market correction mechanism (MCM) that ESMA is required to report on under Article 8 of Council Regulation (EU) 2022/2578 of 22 December 2022 (the Regulation). Today, I submit to you a preliminary market data report concerning the introduction of the MCM.

I would like to emphasise that ESMA and ACER have been closely cooperating when developing their respective reports to ensure that all relevant and potential developments in financial and energy markets were assessed and to limit overlaps.

The ESMA report presents the structure and main participants in the EU natural gas derivative market based on all data available at this point. It focuses on market indicators, aimed at assessing the potential effects of the adoption of the MCM.

ESMA has so far not identified significant impacts resulting from the approval of this Regulation. However, ESMA notes that this should not be interpreted as the MCM not having any effects on EU financial markets in the future. ESMA identifies in the report the potential consequences of the MCM on market participants' trading behaviour and the effect it may have on the ability of market participants to effectively manage their risks. In that regard, ESMA already includes a more qualitative analysis of the possible risks to CCP risk management and the potential impact on the clearing of derivatives.

Working on this preliminary report, ESMA has identified some provisions of the Regulation where further clarity would be of benefit to ensure a common understanding and convergent implementation of the Regulation. ESMA is submitting this analysis in a separate annex to this letter and stands ready to provide technical assistance to the Commission in the affected areas.



Should you want to discuss the subject matter further or require any additional information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Verena Ross', is positioned below the closing text.

Verena Ross

cc.: Irene Tinagli, MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament
Elisabeth Svantesson, President of the ECOFIN Council, Council of the European Union
Thérèse Blanchet, Secretary-General of the Council of the European Union
John Berrigan, Director-General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission