



EUROPEAN COMMISSION

## MEMO

Strasbourg, 4 February 2014

### **Statement by Vice-President Reding and Commissioner Barnier on European Parliament's vote to approve criminal sanctions for market abuse directive**

The European Commission has welcomed today's vote by the European Parliament's plenary to approve the Commission's proposal for a Directive on criminal sanctions for market abuse ([IP/11/1218](#)). The vote follows the political agreement reached with the Council in the trilogue on 10 December 2013, which was confirmed by COREPER on 20 December ([IP/13/1299](#)).

The adoption of the Directive by the European Parliament demonstrates Europe's commitment to counter insider dealing and market manipulation in its financial markets through strict and effective criminal sanctions. Member States will have to make sure that such behaviour, including the manipulation of benchmarks, is a criminal offence, punishable with effective sanctions everywhere in Europe.

Vice-President Viviane Reding, the EU's Justice Commissioner and Internal Market and Services Commissioner Michel Barnier said: *"Today the European Union is sending a clear signal: there must be zero tolerance for manipulators in our financial markets. The EU's new market abuse framework will ensure that those who commit market abuse will face huge fines or jail across Europe. We would like to thank the European Parliament, especially the rapporteur Arlene McCarthy, for its hard work which made the adoption of this important legislation possible."*

**Next steps:** After publication of the Directive in the Official Journal, expected in June, Member States will have two years to implement the Directive in national law.

The adoption of the Directive means that:

- There will be common EU definitions of market abuse offences such as insider dealing, unlawful disclosure of information and market manipulation;
- There will be a common set of criminal sanctions including fines and imprisonment of four years for insider dealing/market manipulation and two years for unlawful disclosure of inside information;
- Legal persons (companies) will be held liable for market abuses;
- Member States need to establish jurisdiction for these offences if they occur in their country or the offender is a national;
- Member States need to ensure that judicial and law enforcement authorities dealing with these highly complex cases are well trained.

## **Background**

Investors who trade on insider information and manipulate markets by spreading false or misleading information can currently avoid sanctions by taking advantage of differences in law between the 28 EU Member States. Some countries' authorities lack effective sanctioning powers while in others criminal sanctions are not available for certain insider dealing and market manipulation offences. Effective sanctions can have a strong deterrent effect and reinforce the integrity of the EU's financial markets.

That is why the European Commission on 20 September 2011 proposed EU-wide rules to ensure minimum criminal sanctions for insider dealing and market manipulation ([IP/11/1218](#)). In July 2012 the Commission presented amendments to its original proposal in order to clearly prohibit the manipulation of benchmarks, including LIBOR and EURIBOR, and make such manipulation a criminal offence ([IP/12/846](#)).

Proposing these rules, for the first time, the European Commission used new powers under the Lisbon Treaty to enforce an EU policy through criminal sanctions. The Directive requires Member States to take the necessary measures to ensure that the criminal offences of insider dealing and market manipulation are subject to criminal sanctions. Member States will also be required to impose criminal sanctions for inciting, aiding and abetting market abuse, as well as for attempts to commit such offences. The Directive complements a separate proposal for a Regulation on Market Abuse, endorsed by the European Parliament on 10 September 2013 ([MEMO/13/774](#)), which improves the existing EU legislative framework and reinforces administrative sanctions.

## **More information**

Market Abuse Regulation – Frequently Asked Questions:

[MEMO/14/78](#); [MEMO/13/774](#)

European Commission - Market Abuse

[http://ec.europa.eu/internal\\_market/securities/abuse/index\\_en.htm](http://ec.europa.eu/internal_market/securities/abuse/index_en.htm)

European Commission – criminal law policy:

<http://ec.europa.eu/justice/criminal/criminal-law-policy>

Homepage of Vice-President Viviane Reding, EU Justice Commissioner:

<http://ec.europa.eu/reding>

Homepage of Commissioner Michel Barnier, EU Internal Market and Services Commissioner

[http://ec.europa.eu/commission\\_2010-2014/barnier/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/barnier/index_en.htm)

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