European Securities and Markets Authority / European Banking Authority

15 February 2013

Dear ESMA-EBA Task Force,

Re: Consultation Paper: Principles for Benchmarks-Setting Processes in the EU

Argus Media welcomes the opportunity to respond to the ESMA-EBA *Consultation Paper: Principles for Benchmarks-Setting Processes in the EU*. Our detailed responses to the consultation paper's questions are set from page 5 of this submission.

In our response, we refer to the principles proposed by ESMA-EBA in its consultation paper as the draft ESMA-EBA Principles. However, we also refer several times to the principles developed by IOSCO in its *Principles for Oil Price Reporting Agencies*, *Final Report,* published in October 2012, and produced in collaboration with the International Energy Agency (IEA), the International Energy Forum (IEF) and the Organisation of Petroleum Exporting Countries (OPEC) and endorsed by the G20. We refer to those principles as the IOSCO PRA Principles.

1. **Differentiation:** There are several factors that we believe will differentiate Argus Media, as a PRA, from the financial benchmark providers that may respond to the consultation paper:

    a) IOSCO has already considered PRAs in a long and detailed workstream, resulting in its PRA Principles — developed in collaboration with the IEA, IEF and OPEC — and published in October 2012 after consultation with stakeholders. Its recommendations have been endorsed by the G20 and stakeholders, and are now being implemented during an 18-month evaluation period (see Appendix, p9);

    b) "IOSCO's review of PRAs and oil derivatives markets concluded that PRA activities did not raise *systemic* risks to the global financial system, as that term is understood. This conclusion was similarly expressed by commenters to IOSCO's consultation" (IOSCO PRA Principles, p22);

    c) PRAs operate in commodity markets, not in financial markets;

    d) PRAs are independent news agencies operating in a competitive media environment, not financial services firms nor monopoly benchmark setters that act on behalf of, or are otherwise linked to, financial services firms;

    e) PRAs identify prevailing physical commodity market prices by employing professional journalists, not through panel-based or other automated mechanisms;

London office:
Argus Media Limited
Argus House
175 St. John Street
London
EC1V 4LW

Tel: +44 (0)20 7780 4200
Fax: +44 (0)870 868 4338
Email: info@argusmedia.com
Internet: www.argusmedia.com

f) The same PRA journalists who prepare textual market commentary are responsible for price assessments and also write news stories in an integrated editorial process that has no similarities to panel-based mechanisms such a Euribor, or to effectively automated benchmarking mechanisms such as FTSE or STOXX;

g) PRAs are not subject to the inherent conflicts of interest that affect some financial benchmark providers, and have published policies in place to avoid any conflicts of interest. PRA revenues are not affected by whether commodity market prices rise or fall, and are derived from conventional publishers' licence subscriptions paid by a wide range of clients, including commodity buyers, sellers and parties that do not trade such as government ministries and research institutions; and

h) The IOSCO PRA Principles correctly recognise that "because data are submitted on a voluntary basis, precipitous regulation of PRAs or requirements that oil market participants who submit data to PRAs submit all of their transaction data potentially could result in some oil market participants to decrease or even cease their submission of data to PRAs" (IOSCO PRA Principles, p34).

We request ESMA and EBA to take full account of these differentiating factors as they progress their workstream.

2. **Glide path:** We invite ESMA and EBA to support the successful implementation of the IOSCO PRA Principles as the "glide path" for benchmarks published by PRAs for commodity markets, setting out the appropriate framework for benchmarks in this sector.

   a) We see the IOSCO PRA Principles as a carefully calibrated, proportionate set of principles designed with direct regard to the specificities of the physical oil and other commodity markets as well as to the independent media organisations such as Argus Media that report on those markets. The IOSCO PRA Principles already represent the "glide path" described in the ESMA-EBA consultation paper with respect to the draft ESMA-EBA Principles: "Although the provisions will be without binding effect they can have significant positive impact since they will be aligned with the principles that IOSCO will develop. As such they provide benchmark users, benchmark administrators, calculation agents and publishers and contributing firms with a common framework to work together and provide a glide path to future obligations that are likely to be binding" (consultation paper, p3).

   b) We see implementation of the IOSCO PRA Principles as reinforcing the integrity of energy and related commodity markets globally, including within the EU. ESMA and EBA should encourage competent authorities in EU member states to support the IOSCO PRA Principles by implementing specific actions recommended in IOSCO's Final Report of October 2012.

   c) The "glide path" represented by the IOSCO PRA Principles has progressed since the publication of its Final Report in October 2012. IOSCO has pressed forward with implementing the IOSCO PRA Principles in co-operation with other international agencies, market authorities and the PRAs. IOSCO recently convened an implementation meeting in Dubai that was attended by the competent authorities of several EU member states, as well as by other IOSCO members and the PRAs. IOSCO, together with the IEA, IEF and OPEC, will carry out a formal evaluation of implementation of the IOSCO PRA Principles 18 months after their first publication.

   d) The IOSCO PRA workstream is making good progress. The PRAs are close to finalising their voluntary industry code, the Price Reporting Code for Independent Price Reporting Organisations (IPRO Code), which incorporates the IOSCO PRA Principles, and are applying the IOSCO PRA Principles to all of their commodity benchmark prices — not just those in oil markets. This wider application of the IOSCO PRA Principles to all commodity price benchmarks published by PRAs was envisaged by IOSCO in its Final Report, which says: "PRAs also are encouraged to implement these principles generally in order to avoid a two-tier approach to assessments, ideally through their individual internal policies or more generally through industry codes" (IOSCO PRA Principles, p11). IOSCO has actively encouraged PRAs to implement the IOSCO PRA Principles generally, to all of their commodity benchmark prices, for example at the Dubai meeting mentioned above.

e) As IOSCO says: “The fact that IOSCO will continue to evaluate the success of price reporting agencies in putting into practice the principles set out in the Oil PRA Principles will serve as a test as to whether an industry code will be effective” (Financial Benchmarks Consultation Report, pp29-30).This important test should be given the best chance to succeed and we hope and indeed expect that ESMA and EBA will give it their unequivocal support.

We request ESMA and EBA to encourage all competent market authorities in member states to take forward the second of the recommended *Mechanisms for Implementation* in the IOSCO PRA Principles. We are undertaking IOSCO’s first recommended mechanism: “Voluntary adoption and implementation of the principles by PRAs in their internal policies and procedures and/or through industry codes” (IOSCO PRA Principles, p8). The two-tier approach in the IOSCO PRA Principles requires the support of bodies such as ESMA and EBA, as well as of the PRAs, in order to maintain and enhance the global consensus achieved with respect to the IOSCO PRA Principles for commodity price benchmarks published by PRAs.

This is why it is so important that ESMA and EBA should confirm their unequivocal support for the internationally-agreed “glide path” enshrined in the IOSCO PRA Principles, and confirm that they apply to the activities of PRAs that report on commodity markets in the EU.

3. **Consistency and co-ordination:** We welcome ESMA and EBA’s confirmation in paragraph 14 that they intend to develop “a consistent and co-ordinated approach” with IOSCO (consultation paper, p5).

   a) However, despite the intention for consistency and co-ordination, we note that the list of “other relevant workstreams” recognised as having contributed to the draft ESMA-EBA Principles (consultation paper, paragraphs 16-20, p6) does not include the IOSCO Committee 7 workstream responsible for preparation of the *Principles for Oil Price Reporting Agencies, Final Report.* The IOSCO Committee 7 workstream would be an essential input for ESMA and EBA if they intend to develop European principles for PRAs in commodity markets.

   b) Our expectation is that ESMA and EBA do not, in fact, intend their draft principles to modify, or in any way reopen, the IOSCO PRA Principles, since doing this would risk undermining the IOSCO-led international implementation process now under way, causing confusion to competent authorities and markets internationally, and undermining the global consensus that has been achieved since 2010 regarding oil PRAs. We feel the need to raise this concern because paragraph 22 of the consultation paper refers to “commodity indices”, and paragraph 27 says the ESMA-EBA “principles would cover all types of benchmarks”. These and other references in the ESMA-EBA consultation paper have the potential to generate uncertainty and confusion over which principles apply to PRA activities: the draft ESMA-EBA Principles or the IOSCO PRA Principles. Such confusion and uncertainty would unsettle the important 18-month evaluation of the IOSCO PRA Principles that is already under way.

   c) We would like to stress that consistency should not be mistaken for a one-size-fits-all approach to benchmarks. As IOSCO points out in the opening paragraph of chapter 3 of its recent *Financial Benchmarks Consultation Report*: “A one-size-fits-all approach may not be appropriate. Different approaches may be appropriate for various Benchmark asset classes depending, inter-alia, upon the legal framework of the jurisdiction, the structure, economic impact and potential for market abuse of the benchmark in question or upon the regulatory status of the relevant Submitters and/or Administrator.” The one-size-fits-all approach is not appropriate for commodity and financial benchmarks because:

      i. The IOSCO PRA Principles and draft ESMA-EBA principles have different provenances. The IOSCO PRA Principles originated from G20 concerns over oil prices and were developed by IOSCO in collaboration with the international energy organisations (the IEA, IEF and OPEC). They are now being applied, as IOSCO envisaged, to all commodity benchmark prices published by PRAs — not just those in oil markets. By contrast, the draft ESMA-EBA Principles have clearly been heavily influenced by the ESMA-EBA review of Euribor, published on the same day. “This review has contributed to the development of the draft principles proposed in this consultation paper,” says paragraph 15 (consultation paper, p5). The draft ESMA-EBA Principles appear specifically tailored to address the weaknesses that have been identified in Euribor and similar panel-based mechanisms operating in interest-rate markets, which are especially prone to conflicts of interests. As a result, unfortunately, the draft ESMA-EBA Principles appear to disregard the IOSCO PRA Principles, which are already being implemented for commodity market benchmarks published by PRAs.

ii. As ESMA and EBA are clearly aware, there are marked differences between benchmarks in commodity markets and those in financial markets: "Benchmarks include a variety of interest-rate benchmarks, but also market indices such as stock, bond, derivatives market indices, or commodity price benchmarks, including raw material and oil markets. Especially in the case of market indices and commodity market benchmarks, methods of data collection and calculation are highly heterogeneous and vary widely. In addition for a large number of these benchmarks the underlying data is obtained or the benchmark is calculated outside the EU, even if their use by markets participants in the EU may be widespread" (consultation paper, paragraph 25, p7).

d) Regarding international co-ordination, there are some considerations of practicality, including territorial reach, which we would ask ESMA and EBA to keep in mind. Oil and other commodity markets are global. This creates special circumstances and challenges. For example, market information obtained by a PRA journalist located in Country A will often concern a transaction relating to a delivery from Country B to Country C, with the journalist's sources located in Country D, and regularly in more than one country. It would not be practical to apply the draft ESMA-EBA Principles across this international range of sources and activities. This is another reason why it is so important that ESMA and EBA unequivocally support the international consensus that has been built around the IOSCO PRA Principles.

Summary

We strongly agree that a one-size-fits-all approach is not appropriate. For this reason, we urge ESMA and EBA to limit the application of the draft ESMA-EBA Principles to those market sectors, such as Euribor, where they have already completed market assessments and other necessary inquiries. In relation to commodity markets reported on by PRAs, we commend to ESMA and EBA the IOSCO PRA Principles as an appropriate "glide path", as they have been developed after a long and detailed workstream that considered international oil markets and PRAs, and have been endorsed by the G20. Just as the EU's MiFID and MiFIR regulatory reforms have been calibrated with the flexibility to address the differing characteristics of different financial market sectors, principles designed for benchmarks must do the same if they are to support, and not risk disrupting, market integrity. Applying the draft ESMA-EBA Principles to oil, energy and other commodity markets would be a case of trying to "place a square peg in a round hole" with the potential to cause market damage.

We refer to some of these possible negative consequences in our detailed responses to the questions. We hope that our detailed responses (see pp5-8) are helpful and make clear the significant distinctions that exist between PRA activities in commodity markets and panel-based mechanisms such as Euribor in interest rate markets.

We would welcome further engagement with ESMA and EBA to help develop an understanding of our activities and to discuss the "glide path" we have embarked on through our work with IOSCO on implementing the IOSCO PRA Principles.

Yours faithfully,

Simon Smith

Head of government and regulatory affairs
Argus Media Ltd

<u>Argus Media's responses to questions 1-10</u>

Question 1: Definition of the activities of benchmark setting
Do you agree with the definitions provided in this section? Is this list of activities complete and accurate?

We suggest the addition of "and" between a) and b). Otherwise, the definition would be needlessly broad.

The other *Definitions* appear appropriate for panel-based monopoly mechanisms such as Euribor that have the single purpose of producing benchmarks and where each of (1) the submitters of information (2) those administering the benchmark, and (3) those using the benchmarks for purposes of trading are likely to be regulated financial services firms, or to be acting on their behalf.

We do not agree with the proposed term and definition of "*benchmark administrator*", which are inappropriate in relation to the activities of a news agency such as Argus Media. The terms "benchmark administration" and "benchmark publisher" are not suitable as they do not convey the fact that PRAs carry out editorial media functions, such as news gathering and reporting. Neither do these terms appreciate the complexity of the task carried out by PRAs, which IOSCO has explicitly drawn attention to: "*IOSCO appreciates that PRA price assessment processes involve analyses of complex and varied oil markets and products* and produce market views that promote price discovery in the physical oil markets" (emphasis added, IOSCO PRA Principles, p5).

In relation to the term "contributing firm", the appropriate term in relation to the activities of a news agency such as Argus Media is "source". We should stress that the "sources" of commodity market information available to Argus Media's journalists are located throughout the world, are often not established in the EU and are only rarely employed by regulated financial services entities.

In relation to the term "Benchmark-setting", we would like to point out that we do not "set" benchmarks. Our role as a PRA is for our journalists to identify prevailing physical commodity market prices through transparent methodologies, and to publish these as price assessments. The prices themselves are an outcome of market participants' activity in the physical spot commodity markets on which we report. Acceptance by market participants of the value of the price assessments we publish depends on consistently reliable and accurate price identification. Market participants may then decide for themselves whether to adopt a price assessment as the basis of a benchmark. PRAs do not determine benchmarks.

Question 2: Principles for Benchmarks
Would you consider a set of principles a useful framework for guiding benchmark setting activities until a possible formal regulatory and supervisory framework has been established in the EU?

The draft ESMA-EBA Principles appear appropriate for Euribor, but would not provide "a useful framework for guiding benchmarking setting activities" in commodity markets reported on by PRAs.

We see no need for a further framework to guide PRA publication of benchmarks in the commodity sector, because IOSCO has already developed a set of principles in this regard to guide the regulatory and supervisory framework globally. As IOSCO notes, there is no "one size fits all" set of principles that can safely apply to the universe of benchmarks. The IOSCO PRA Principles have been tailored for the global oil markets and provide a robust framework for guiding the price assessment activities of PRAs globally in all of the commodity markets on which they report.

The ESMA-EBA consultation paper says that "it may be desirable in the future to propose provisions with firmer regulatory consequences for non-compliance and that *address in more detail specific sectors*" (emphasis added, consultation paper, paragraph 9, p3). The IOSCO PRA Principles already address a specific sector (commodity market benchmarks published by PRAs). Principles must address the detail of specific sectors in order to be certain of avoiding undesirable consequences for markets.

Question 3: General Principles for Benchmarks
Do you agree with the principles cited in this section? Would you add or change any of the principles?

The principles cited in this section are, in several important respects, not aligned with the IOSCO PRA Principles developed for oil markets and applicable to all commodity benchmarks published by PRAs. The commentaries under the individual headings on page 8 include several assertions which, while probably relevant in the context of Euribor, are impractical and could cause damage to international commodity markets.

Question 4: Principles for firms involved in benchmark data submissions
Do you agree with the principles cited in this section? Would you add or change any of the principles?

The conventional term to describe a market participant who provides information to journalists is "source". We are seriously concerned by the suggestion that the contribution of information by market sources could be further regulated in commodity markets.

In drawing up its principles for oil price reporting agencies, IOSCO's Committee 7 drew attention to these risks of regulating PRAs' market sources: "It is important to understand that these principles recognise that there is no requirement on any physical market oil participant to submit transaction data to PRAs" (Principles for Oil Price Reporting Agencies, Final Report, p8). IOSCO followed this with a warning that "because data are submitted on a voluntary basis, precipitous regulation of PRAs or requirements that oil market participants who submit data to PRAs submit all of their transaction data potentially could result in some oil market participants to decrease or even cease their submission of data to PRAs" (p8).

The principles cited in Section B, if applied to commodity markets, could unfortunately have precisely the effects IOSCO warned of, and discourage market sources from continuing to provide information, risking a reduction in market transparency.

Most physical commodity market participants that PRA journalists use as sources of market data and related information are *not* regulated financial institutions. Much of the consultation paper is focused on financial markets, where submitters to the benchmarking processes are regulated financial entities. Mandatory accountability procedures for regulated financial entities that are part of a non-independent benchmarking procedure may be feasible. But physical commodity market participants are not usually financial entities and only provide information to PRA journalists on a voluntary basis. Given the highly diverse and international nature of commodity markets, in which market participants operate at levels of scale varying from some of the largest companies in the world to small distributors, and in different jurisdictions, it is difficult to envisage how a mandatory regime could be implemented in practice on market sources. Regulatory guidance that is designed for financial markets without consideration for the different nature of commodity markets would prompt many participants in the physical commodity markets to stop voluntary reporting to PRAs, damaging market transparency, as IOSCO itself has already warned. This would undermine rather than support the robustness of PRA price assessments that are used as benchmarks.

Considerations that need to be taken into account before any mandatory imposition of oversight of the relationship between market sources and PRAs include:

a) the global nature of commodity markets, which cover many different jurisdictions;

b) the complexity of commodity markets, each of which is affected by specific infrastructure, quality specification requirements and contract terms;

c) implications for freedom of speech and press freedoms (as PRAs are media organisations);

d) the need for PRA journalists to have flexibility in their choice of and access to market sources to deal with ever-shifting physical commodity market conditions; and

e) the varying levels of scale of market participants in commodity markets, from some of the largest companies in the world to small distributors.

Question 5: Principles for benchmark administrators
Do you agree with the principles cited in this section? Would you add or change any of the principles?

As we have stated in our response to Question 1, the term “benchmark administrator” is inappropriate in relation to the activities of a news agency such as Argus Media. It is especially clear how much ESMA and EBA, in developing their draft principles for benchmark administrators, have been influenced by their review of Euribor’s panel-based benchmark-setting processes.

In C3 for example (emphasis added): “A benchmark administrator should establish methodologies with well-defined criteria for the calculation of the benchmark, so that *judgment and qualitative assessments or other opportunities for discretionary decision* making are as limited as possible. Such criteria should address inter alia the *composition of the panel*, the algorithm for the calculation of the benchmark, provisions regarding operational continuity”*.*

C3 is inappropriate for PRA assessments in commodity markets, where the exercise of judgment by specialist professional journalists has been recognised in the IOSCO PRA Principles as an indispensable part of the price assessment methodology. In addition, PRAs have no “panels” and in many markets have displaced monopolistic panel-based benchmark-setting mechanisms, because energy market participants realised the greater integrity of independent PRA price assessments compared with panels subject to inherent conflicts of interest.

Likewise, C7 would require news agencies and other publishers to “police” behaviours. This is an inappropriate role for media organisations and would be highly damaging to the flow of information from market sources to journalists working for the PRAs, by undermining the essential confidence and trust between a journalist and a source. We would ask ESMA and EBA always to keep in mind the strong constitutional protections for relationships between journalists and market sources which were recently reaffirmed by the European Court of Human Rights in Financial Times Ltd & Others v United Kingdom: Application no 821/03 15 Dec 2009.

Much of Section C would be inappropriate in relation to news agency operations, in which journalists operate according to published editorial codes of conduct that align with the highest standards of journalistic practice. Section C is also, in many respects, inconsistent with the IOSCO PRA Principles.

Question 6: Principles for benchmark calculation agents
Do you agree with the principles cited in this section? Would you add or change any of the principles?

The separate category of “benchmark calculation agents” does not exist with respect to PRAs that assess commodity market prices. This is because the journalists at media organisations that gather market data also determine price assessments using robust processes and following strict methodologies, which are published and freely available. We understand that monopolistic panel-based benchmarking processes such as Euribor and Libor do use agents to calculate benchmarks based on data submitted by a panel of financial market participants. In contrast to the journalists at PRAs, who interrogate the data and verify it through cross-checking, the calculation agents for monopoly benchmarks simply process the data and carry out mechanistic checks rather than routinely questioning the data. This is a key qualitative difference between PRA price assessments and panel-based systems.

Question 7: Principles for benchmark publishers
Do you agree with the principles cited in this section? Would you add or change any of the principles?

These draft principles are not applicable for PRAs in many ways. We do not “agree to publish” a benchmark. Instead, we exercise our freedom as media companies to publish information, some of which consists of price assessments. A few of these price assessments may then be adopted by market participants as benchmarks. The competitive environment in which we operate means that for many years we have adopted best practice in terms of governance and compliance. The editorial and corporate accountability for what we publish is therefore clear.

Similarly, our methodologies and business continuity practices are designed to ensure consistent and timely publication. Another of the “supporting principles” listed on p13 of the consultation paper that cannot be applied to PRAs is the notion that the publisher should seek “a confirmation from the benchmark administrator that the procedures for the validation of the submissions and calculations have been followed”. In PRAs, the publisher is the same entity as the “administrator” — a term which is inappropriate for PRAs, as explained in response to questions 1 and 5 — and it is the publisher’s editorial role to validate and determine price assessments, including benchmarks. We operate to high standards, to produce reliable and accurate price assessments, because our commercial success in a competitive PRA market is dependent on this.

Question 8: Principles for users of benchmarks
Do you agree with the principles cited in this section? Would you add or change any of the principles?

We agree that it could be appropriate to produce principles that guide regulated financial services firms established in the EU on their use of benchmarks in financial markets. However, in the case of commodity markets, the principles should be fully aligned with the IOSCO PRA Principles.

Question 9: Practical application of the Principles
Are there any areas of benchmarks for which the above principles would be inadequate? If so, please provide details on the relevant benchmarks and the reasons of inadequacy.

The IOSCO PRA Principles have been designed to align with the specific characteristics of oil markets and are applicable to all commodity price benchmarks identified by PRAs. As such, they set a model for practicality. The global nature of oil and other commodity markets makes it important for ESMA and EBA to fully support the international consensus built around the IOSCO PRA Principles. We have explained above the ways in which the draft ESMA-EBA Principles would be inappropriate for commodity market benchmarks published by PRAs. We urge ESMA and EBA not to take any steps that might disrupt IOSCO’s workstream and the 18-month evaluation regarding commodity price benchmarks published by PRAs, and to give their unequivocal support to the IOSCO PRA Principles process that is now under way.

Question 10: Continuity of benchmarks
Which principles/criteria would you consider necessary to be established for the continuity of benchmarks in case of a change to the framework?

Unlike Euribor, PRAs operate in a competitive environment. The competitive nature of the PRA sector reporting on commodity markets means that it is usual for a range of alternative price assessment series to be available from different PRAs for any particular commodity. Market participants may choose to use some of these price assessment series as benchmarks. Commodity PRAs such as Argus Media are in continual discussion with market participants regarding the relevance and reliability of price assessment series, some of which may be used as benchmarks.

Appendix: PRAs and G20 workstreams

In response to an initial request from G20 Leaders, IOSCO has undertaken an extensive workstream examining the functioning of oil PRAs over a 24-month period. This work — conducted collaboratively with the IEA, IEF and OPEC — has led to development by IOSCO of its Principles for Oil PRAs (PRA Principles).

IOSCO has recommended its PRA Principles be implemented in respect of all commodity benchmarks published by PRAs and the PRAs have endorsed this approach.

Earlier elements of this workstream have included:

- the commissioning of external consultants to undertake independent analysis and provide a detailed report on oil PRAs (2010-11);
- the holding of a formal public consultation (2012); and
- the holding of a number of stakeholder meetings with PRAs and others (2012-13).

The G20 explicitly welcomed the PRA Principles in November 2012 and endorsed their implementation.

More recently, IOSCO held a stakeholder meeting with PRAs focused on implementation, which the PRAs have already advanced. Further elements of this workstream are expected to be an implementation questionnaire from IOSCO to PRAs (informally advised to be sent in the coming weeks), an independent auditor report for each PRA on compliance with the PRA Principles (a specific requirement of the principles) and an update to G20 from IOSCO on implementation progress, as well as an assessment by IOSCO, the IEA, IEF and OPEC of the impact on the physical markets.

Chronology of G20 and IOSCO work on Oil Price Reporting Agencies

Nov 2010	G20 Leaders' Seoul Summit G20 requests "the IEF, IEA, OPEC and IOSCO to produce a joint report, by the April 2011 Finance Ministers' meeting, on how the oil spot market prices are assessed by oil price reporting agencies and how this affects the transparency and functioning of oil markets".
Dec 2010-Jun 2011	IOSCO, the IEF, IEA, and OPEC jointly appoint consultants Elizabeth Bossley and John Gault to produce a preparatory report on oil PRAs. The consultants hold extensive meetings with Argus Media and other stakeholders. Argus Media provides substantial data and information to the consultants in response to their enquiries. The consultants' report notes that "many industry respondents to this study said they view the work of the PRAs to be of a high quality" and that "the industry accepts the use of PRA prices knowing what each represents, and knowing the differences among the methodologies". The report states that "despite [PRAs'] well-documented mechanistic methodologies for assessing prices, an element of judgment is also essential. Even the most frequently traded benchmark grades do not always trade in cargo-sized lots to coincide with these price assessment timings, which have been chosen by the PRAs to reflect the most active times in the trading day." It notes that "with regard to market transparency, PRAs fill an important role of collecting, collating, editing and disseminating information. In the absence of PRAs, subscribers would have to rely on alternative sources of market information and would need to augment their own internal information collection and analysis activities." The report states that there is no single "right" methodology for identifying prices in the physical markets, stating: "It is apparent that the job performed by PRAs is complex and that there are significant differences among the approaches adopted by each to pricing issues. None of the approaches employed can be said with certainty to be more objectively correct than any other." The report says "the methodologies of the two main PRAs used by the industry are probably as transparent as they can be, subject to the necessary exercise of judgment when actual deal evidence is

	not apparent. Companies that choose to price by reference to one PRA rather than another broadly know what they are getting from their chosen PRA.”
Oct 2011	IOSCO, the IEF, IEA, and OPEC submit their report to G20 Finance Ministers, including the preparatory report produced by the consultants.[1]
Nov 2011	G20 Leaders’ Cannes Summit “Recognizing the role of Price Reporting Agencies for the proper functioning of oil markets, we ask IOSCO, in collaboration with the IEF, the IEA and OPEC, to prepare recommendations to improve their functioning and oversight to our Finance Ministers by mid-2012.”
Jan 2012	IOSCO holds stakeholder meetings in Paris with Argus Media and other PRAs.
Mar 2012	IOSCO holds a public consultation on “functioning and oversight of oil price reporting agencies”[2] to which 18 public responses, including from Argus Media, are submitted.
May 2012	IOSCO produces its interim report “Update to G20 Leaders”[3].
Jun 2012	G20 Leaders’ Los Cabos Summit considers interim IOSCO report “We also look forward to IOSCO’s recommendations to improve the functioning and oversight of Price Reporting Agencies in November 2012, which will be produced in collaboration with other mandated organisations (the IEF, IEA and OPEC), and task Finance Ministers to take concrete measures in this area as necessary.”
Aug 2012	IOSCO holds stakeholder meeting in Washington with PRAs and others, to discuss the draft PRA Principles being developed by IOSCO in collaboration with the IEF, IEA and OPEC.
Oct 2012	IOSCO publishes its PRA Principles[4].
Nov 2012	G20 Finance Ministers, Mexico City “We welcome the report on recommendations to improve the functioning and oversight of oil Price Reporting Agencies, and ask IOSCO to liaise with the IEA, IEF and OPEC to assess the impact of the principles on physical markets and report back. We also ask IOSCO to report progress on the implementation of the principles in 2013. We reaffirm our commitment to enhance transparency and appropriate regulation in financial commodity markets, and thus we welcome IOSCO’s report on the implementation of its Principles for the Regulation and Supervision of Commodities Derivatives Markets.”
Jan 2013	IOSCO holds stakeholder meeting with PRAs in Dubai to discuss progress on implementation of the PRA Principles and clarify various technical aspects.
Feb 2013[5]	IOSCO to issue questionnaire to PRAs to gather additional information on implementation progress of the PRA Principles and to inform IOSCO’s further update to G20 requested for 2013.

[1] Oil Price Reporting Agencies, Report by IEA, IEF, OPEC and IOSCO to G20 Finance Ministers, October 2011
[2] CR04/12 Functioning and Oversight of Oil Price Reporting Agencies, Report of the Technical Committee of IOSCO, March 2012
[3] IOSCO Standing Committee on Commodity Futures Markets, Update to G20 Leaders on IOSCO’s Consultation on the Functioning and Oversight of Oil Price Reporting Agencies
[4] FR06/12 Principles for Oil Price Reporting Agencies, Final Report, The Board of IOSCO
[5] IOSCO has informally advised the PRAs of this upcoming questionnaire