

LONDON, Sept. 18, 2013 /PRNewswire/ -- Argus Media, a news agency that specialises in reporting oil and other commodity markets, notes changes to today's European Commission draft regulation on benchmarks compared with an earlier June draft. Even in its present form, the EU regulation includes provisions that will undermine energy market efficiency.

The proposed regulation is inconsistent with Iosco's Principles for Oil Price Reporting Agencies (PRA Principles) that have been endorsed by the G20. It adds new constraints that could make it difficult for market participants to interact freely with journalists. That is likely to lead to a reduction in market engagement and less robust benchmarks — the opposite outcome to the market transparency that the regulation seeks to achieve.

The proposal requires media organisations to establish legally binding codes of conduct with market sources (Article 9, p26 and Annex 1, Section D, p51). And a new provision could make it difficult for journalists to gather bid and offer information from front offices, which is vital when reporting lower liquidity physical markets (Annex 1, Section A.8, p47). As international security regulators at Iosco and UK regulators at Ofgem have already warned, imposing detailed obligations on market participants is counterproductive to transparency in international commodity markets where information is provided to reporters on a voluntary basis.

Argus Media regrets that Iosco's PRA Principles are not referred to in the proposed regulation on benchmarks. Iosco's PRA Principles were developed over a two-year period specifically for the reporting of commodity markets. These international standards were reaffirmed as appropriate by Iosco as recently as July.

Meanwhile, Iosco said today: "Responses to a self-assessment questionnaire on implementation indicated the PRAs had made significant efforts to implement the [PRA] Principles."

Argus Media believes that the commission's proposal as it stands will be detrimental to transparency in oil and other commodities markets. The consequences will include reduced market transparency and less robust benchmarks as companies refuse to accept the onerous policing requirements imposed by the regulation and stop acting as voluntary sources of information.

"The new EU draft will lead to less, not more, transparency," said Adrian Binks, Chairman and Chief Executive of Argus Media. "They've taken out some of the more extreme measures, but it still isn't fundamentally fit for purpose for the commodity markets. It still discourages market sources from contributing to the process of transparency in a voluntary system."

Argus Media notes that the definition of a benchmark is wide and covers equity indexes, currency exchange rates, the retail market in credit and mortgages as well as commodities markets. This breadth of scope combined with the interferences in the relationship between journalists and sources will undermine and otherwise impact detrimentally on press freedoms. This concern is already very real, as seen in a statement issued by the European Publishers Council yesterday.

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About Argus Media

Argus Media is an independent media organisation with more than 500 full time staff. It is headquartered in London and has offices in each of the world's principal commodity centres. Its main activities comprise publishing market reports containing price assessments, market commentary and news, and business intelligence reports that analyse market and industry trends.

More than half of Argus Media employees are commodity journalists who specialise in reporting news and price information relating to physical energy and related commodity markets. They operate according to a rigorous Editorial Code of Conduct and an Ethics Policy that align with best journalistic practice, including the avoidance of conflicts of interest.

Argus Media is a leading provider of data on prices and fundamentals, news, analysis, consultancy services and conferences for the global crude, oil products, natural gas, electricity, coal, emissions, bioenergy, fertilizer, petrochemical, metals and transportation industries. Data provided by Argus Media are widely used for indexation of physical trade. Companies, governments and international agencies use Argus Media information for analysis and planning purposes.

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