# ESMA issues opinion on accepted market practice on liquidity contracts by CONSOB

ESMA considers that the Consob’s AMP is compatible with Article 13(2) of the Market Abuse Regulation (MAR) and with the CDR 2016/908 and contains various mechanisms to limit the threat to market confidence with respect to liquidity contracts, including Consob’s specific commitment to enhanced supervision of these contracts, and therefore issues a positive opinion.

**Background**

MAR’s purpose is to guarantee the integrity of European financial markets and increase investor confidence. The concept of market abuse typically consists of insider dealing, unlawful disclosure of inside information, and market manipulation.

However, some exceptions apply. The prohibition of insider dealing and market manipulation does not apply to trading in own shares in buy-back programs or trading in securities for the stabilisation of securities when some conditions laid down in MAR are met. Moreover, MAR does not apply to public authorities in pursuit of monetary, exchange rate or public debt management policy. Other specific exceptions apply in the framework of the EU’s climate policy or the EU’s Agricultural Policy for instance. MAR also provides a defence against market manipulation if the transaction was legitimate and carried out in accordance with an AMP and MAR describes the non-exhaustive factors that a competent authority should take into account before deciding whether or not to accept a market practice.

In April 2017 ESMA published an opinion on the points for convergence in relation to AMP under MAR on liquidity contracts. These agreed points are expected to be used as a reference in the assessment of the MAR AMPs on liquidity contracts that national competent authorities (NCAs) may submit to ESMA after a domestic consultation and on which ESMA will have to issue an opinion.