



Targeted consultation on the review of the central clearing framework in the European Union

Link to the paper: [Targeted consultation on the review of the central clearing framework in the EU](#)

1.- Target participants

This targeted consultation (TC) is addressed to a large number of stakeholders, in particular those participating in central clearing (e.g., central counterparties (CCPs), banks and other financial institutions, insurance companies, investment and pension funds, corporates), Member State authorities, European Union (EU) institutions and authorities, non-governmental organisations representing users of financial services or the real economy, other financial market infrastructures and academics.

2.- Information Note

This TC is part of the way forward for central clearing announced by Commissioner McGuinness on 10 November 2021 and takes into account the reflections made by the European Commission in recent months on the risks associated with overreliance on UK-based CCPs (classified as Tier 2 CCPs) for some clearing activities as a source of financial stability risk in the medium term. In addition, it considers the need to develop the capacity of EU-based CCPs as a means of reducing such overreliance.

The purpose of the TC is to seek the views of the target participants on possible measures, of a legislative and/or non-legislative nature, impacting on the framework applicable to CCPs both within and outside the Union, as well as the framework applicable to market participants using the services of these CCPs, either directly as clearing members or indirectly as clients.

The document is divided into seven parts:

1. Scope of clearing participants and products cleared: In order to enhance the interest on EU CCPs, the possibility of broadening the scope of clearing members and clients accessing CCPs is explored, as well as the products offered for clearing or required to be cleared bearing in mind the financial stability angle in all cases. Questions in this area cover: the clearing obligation (CO) for Pension Scheme Arrangements (PSAs); the clearing activity of entities other than clearing members and public bodies to increase the liquidity pool available; and the product scope of the CO.
2. Measures towards market participants: Among the issues raised, the first question refers to a specific prudential treatment for exposures to Tier 2 CCPs. Next, it is considered whether the use of macroprudential buffers could be effective to reduce

over-reliance on Tier 2 CCPs. Additionally, some of the other issues discussed in this section are setting targets for reducing the level of exposures, maintaining the level playing field, transferring contracts from outside the EU and the obligation to clear in the EU. Other questions included to foster an increased usage of EU CCPs deal with active accounts with EU CCP for products available inside and outside the EU, hedge accounting, post-trade risk reduction and FRANDT.

3. Measures towards CCPs: This part contains questions about measures to expand the offer by EU CCPs, USD dependency for some payment/settlement arrangements, use of segregated default funds for reducing financial stability risks, adequacy of funding and liquidity management conditions, and interoperability.
4. Monitoring progress towards reduced reliance of EU participants on Tier 2 CCPs: The questions are aimed at establishing a risk picture that is as complete as possible in order to have a sufficiently broad overview of exposures to Tier 2 CCPs, of how they are reduced over time and potentially transferred to the EU.
5. Supervision of CCPs: In this area, the survey focuses on identifying costs related to the current supervisory framework and benefits of a stronger role for EU-level supervision. It also seeks views on how EU-level supervision could be given a stronger role and in which areas. Finally, it includes a question on enhancing ESMA's role.
6. EMIR and other regulations/directives: The proper functioning of EMIR also requires clarity regarding its interaction with other relevant legislation: MiFID with regard to OTC, CO and DTO; CRR and CRD; UCITSD; etc.
7. Other issues: The paper includes a question on how Blockchain and Distributed Ledger Technology can improve the attractiveness and efficiency of EU CCPs.

The information gathered from this consultation will provide important guidance to the Commission services in preparing legal proposals where appropriate.

3.- Submission of comments

The deadline for submitting comments is **8 March 2022**.

Stakeholders should send their contributions through an online questionnaire available on the [European Commission](#) website, where the document to be consulted can also be found.

Likewise, please send a copy of your answers to the CNMV to the following email address: documentosinternacional@cnmv.es

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