

Template – Implementation of the creditworthiness recommendation included in the ESMA report ‘EU-wide CCP Stress test 2015’¹

1. Objective

This note prepared by the European Association of CCP Clearing Houses (EACH) aims to clarify how to implement in a harmonised way across the EU the following recommendation included in the ESMA report ‘EU-wide CCP Stress test 2015’ (hereafter ‘the Recommendation’):

ESMA recommends that the National Competent Authorities ensure that supervised CCPs consider in their participation requirements and as part of the initial and ongoing assessment of the credit worthiness of their clearing members, the amount of losses that their members could be exposed to, due to their participation in multiple CCPs taking into account the potential losses of mutualised prefunded and not prefunded resources, on the basis of data that need to be provided by clearing members.

2. Proposal for implementation

EMIR already requires that CCPs establish **participation requirements** which ensure that clearing members have sufficient financial resources and operational capacity to meet the obligations arising from participation in the CCP. These requirements are set out in Article 37 of EMIR.

In order to implement the Recommendation in a harmonised way across the EU and to meet the above-mentioned requirements set out in Article 37 of EMIR, EACH proposes that, when assessing the participation requirements of their clearing members, **CCPs analyse the aggregate figure of the exposure of their clearing members to all CCPs (including the one that sent this document)**, distinguishing pre-funded resources (i.e. default fund contributions) and non-pre-funded (i.e. assessment powers to which clearing members have committed). We would propose doing this based on the following reporting **template** for clearing members to send to CCPs:

¹ https://www.esma.europa.eu/sites/default/files/library/2016-658_ccp_stress_test_report_2015.pdf, Page 60

	Exposure of Clearing Member to all CCPs as of 31 st December of YYYY (year before completing this template)	
	Pre-funded resources (i.e. default fund contributions)	Non-pre-funded resources (i.e. assessment powers committed)
Currency	Include	Include
Name of Clearing Member	1,000,000,000	1,000,000,000

Notes

1. General

- The currency used to report data is the one chosen by clearing members.
- The request for this data will be made once a year. The data should therefore reflect the figure as of 31st December of the year before completing this template (e.g. For a data request in 2017, the data should be reported as of 31st December 2016). Clearing members should return this template filled-in to the requesting CCP thirty (30) calendar days after receiving the request from the requesting CCP.
- '*Exposure*' means the amount of losses that the clearing member could be exposed to, due to its participation in *all* CCPs that the clearing member may be using at global level (not just European level).
- '*Clearing member*' refers to the legal entity being member of the CCP, not to its affiliates.

2. Non-pre-funded resources

- '*Assessment powers*' refers to the number of assessments committed as included in the relevant CCP rulebook.
- Assumptions:
 - Under a single default event
 - If unlimited, please include the figure equivalent to three (3) assessments, unless otherwise indicated by the CCP (e.g. rules such as one (1) assessment if the clearing member withdraws from the CCP)
 - Across global CCPs (not only EU CCPs)

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