

Brussels  
25<sup>th</sup> November 2022

### **EACH Press Release – Impact of gas price cap on CCP Clearing**

CCP Clearing Houses represent support infrastructures for the energy markets in Europe. Energy exchanges ensure that producers and utility companies can rely on transparent and neutral prices formed in the exchanges to allow them to fund and hedge their activities in an effective manner. CCPs support that process by financially guaranteeing those transactions through collateral, as well as by providing transparency, safety and certainty to market participants that use these markets for funding and hedging activities.

We are well aware of the energy crisis that Europe finds itself in and understand the absolute necessity of finding solutions that further promote resilience and consumer protection. We welcome the steps already taken by authorities to address some of the issues identified during this crisis such as those aimed at alleviating the liquidity stress of energy market participants<sup>1</sup>.

**We are however deeply concerned about the proposed market correction mechanism as included in Article 23 of the draft Council Regulation<sup>2</sup> on enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks.** As indicated in our September statement on energy markets<sup>3</sup>, we would only support measures that do not distort the price formation process of the gas and electricity markets, such as incentives to reduce energy demand and subsidies to vulnerable consumers. We consider that a drastic intervention like a *de facto* cap such as what we believe is the proposed market correction mechanism, would generate a shock that could potentially lead to issues of security of energy supply, dry up of the futures market for hedging price risk by users and increase the risk of some market participants defaulting with possible contagion effects and therefore weakening financial stability.

In line with this we support the arguments expressed by the Association of European Energy Exchanges (Europex) in their letter of 21<sup>st</sup> November<sup>4</sup>.

The robust risk management performed by CCPs to promote sound markets depends on predictable prices from the exchanges. If the *de facto price cap* proposed were to be implemented it would lower the prices set on the exchanges, likely leading to cascading effects

---

<sup>1</sup> [https://ec.europa.eu/finance/docs/level-2-measures/emir-rts-2022-7536\\_en.pdf](https://ec.europa.eu/finance/docs/level-2-measures/emir-rts-2022-7536_en.pdf)

<sup>2</sup> [https://eur-lex.europa.eu/resource.html?uri=cellar:6104f668-4f01-11ed-92ed-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:6104f668-4f01-11ed-92ed-01aa75ed71a1.0001.02/DOC_1&format=PDF)

<sup>3</sup> <https://eachccp.eu/wp-content/uploads/2022/09/EACH-statement-Energy-markets-September-2022.pdf>

<sup>4</sup> <https://www.europex.org/press-releases/letter-on-the-proposed-market-correction-mechanism/>

that would unnecessarily increase margins requirements, stress liquidity further and put at risk the CCPs' default management process leading to financial instability.

Therefore, while we understand the need to take some measures, we wish to ensure that policymakers understand the potential consequences of the *de facto* cap being proposed and reconsider whether other measures could be considered that do not lead to contagion to the wider financial markets and therefore threatening their stability.

**Contact**

EACH Media Team

+32(0)22061260

info@eachccp.eu

## **About EACH**

The European Association of CCP Clearing Houses (EACH) is a Belgian not-for-profit organisation (AISBL) founded in 1992 which represents the interests of central counterparty clearing houses (CCPs) in Europe. The membership is open to CCPs based in the European Union and in other European countries. The membership of EACH comprises 19 CCPs incorporated in 15 European countries. EACH is registered in the European Union Transparency Register with number 36897011311-96.

EACH Members:

ATHEXClear	KELER CCP
BME Clearing	LCH Ltd
Cboe Clear Europe	LCH S.A.
CCP Austria	LME Clear
ECC	Nasdaq Clearing
Eurex Clearing	OMIClear
Euronext Clearing	Takasbank
ICE Clear Europe	SIX x-clear
IRGiT S.A.	SKDD-CCP
KDPW_CCP	