

Press release

Brussels,
7th December 2022

EACH welcomes the European Commission proposals to make European CCPs more competitive while safeguarding resilience

CCPs are financial market infrastructures that significantly contribute to safer, more efficient and transparent global financial markets. The resilience of European CCPs have been confirmed by live tests such as the extreme event of the COVID-19 market stress and the authorities' stress tests exercises like the ones run by ESMA¹, together with the ESRB, and Bank of England².

In line with the objectives of resilience, efficiency and transparency, the European Association of CCP Clearing Houses (EACH) welcomes the European Commission's suggestions to make European CCPs more competitive, while ensuring robust levels of resilience³. We particularly welcome the proposals to:

- **Broaden the possibilities to benefit from CCP clearing to market participants, notably the buy-side** – The incentivisation of clearing by more public and private entities, notably from the buy-side, would support the attractiveness of the central clearing environment. Participants need targeted solutions to benefit from CCP clearing. EACH welcomes that the European Commission foresees to reduce regulatory barriers in sectoral legislation in order to allow better use of direct and sponsored clearing models, e.g. CRR [Regulation \(EU\) 2013/575](#), UCTIS Regulation (EU) 2009/65 and MMFR [Regulation \(EU\) 2017/1131](#).
- **Ensure more efficient approval procedures for CCP products and risk models** – The current approach to approve new products and changes to risk models under EMIR Articles 15 and 49 is too complex and has proven inefficient, impeding CCPs' risk management and time-to-market. It also puts EU CCPs at a competitive disadvantage against other jurisdictions where a more efficient process exists. While the details proposals still need to be analysed, EACH welcomes the European Commission's intention to improve such processes and address its current weaknesses.

We believe that more generally, any suggestion made related to the supervisory architecture of EU CCPs should be based on the principles of soundness, efficiency,

¹ <https://www.esma.europa.eu/file/124536/download?token=WJVhX3p4>

² <https://www.bankofengland.co.uk/stress-testing/2022/ccp-supervisory-stress-test-results-2021-22>

³ https://finance.ec.europa.eu/publications/capital-markets-union-clearing-insolvency-and-listing-package_en

transparency, proportionality, fairness, and convergence. Targeted improvements to better reflect those principles should first and foremost be made with regard to the regulatory approval procedures mentioned above.

- **Address liquidity stress of energy market participants** – We welcome the European Commission proposals to alleviate the liquidity stress of energy market participants by broadening the list of eligible collateral they can post to CCPs. We would however also welcome, along the same line, the inclusion of EU Emission Allowances in the list of eligible collateral that a CCP may accept under EMIR. This would be justified from a risk management point of view because of the low correlation between the energy sector and the financial sector.
- **Improve the transparency of the whole CCP clearing ecosystem** - EACH welcomes the proposal to increase the transparency between the clearing member and clients for better predictability of margin calls.

EACH would also like to reiterate its support for a **consistent approach between the EU, the UK, Switzerland and (other) jurisdictions** deemed equivalent when it comes to accessing those markets for clients, clearing members and CCPs and maintaining a level playing field, ensuring the lowest possible amount of divergence in line with the nature of clearing markets.

While broadly welcoming the European Commission's proposals to make CCPs more competitive, we believe there are additional areas that would improve CCPs' competitiveness while preserving their resilience. These are detailed in the appendix to this press release.

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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.

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