Statute of the European System of Central Banks and of the European Central Bank: clearing and payment systems

2017/0810(COD) - 07/07/2017 - Legislative proposal

PURPOSE: to amend Article 22 of the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB) with a view to granting the ECB regulatory competence over clearing systems, in particular CCPs.

PROPOSED ACT: Decision of the European Parliament and of the Council (on a recommendation from the European Central Bank).

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Article 129(3) of the Treaty on the Functioning of the European Union enables the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, and on a **recommendation from the ECB** or a proposal from the Commission, to amend Article 22 of the Statute of the ESCB.

The General Court considered it would be for the ECB to request the European Union legislature to amend Article 22, should the ECB consider that having the power to regulate CCPs is necessary for the proper performance of the task referred to in the fourth indent of Article 127(2) of the Treaty, namely to promote the proper functioning of payment systems.

The ECB notes that **developments at both global and European level are expected to increase the risks posed by clearing systems, in particular central counterparties**, for the proper functioning of payment systems and the implementation of the single monetary policy, which would ultimately affect the Eurosystem's primary objective of maintaining price stability:

- firstly, **the withdrawal of the United Kingdom** from the European Union will have a major impact on the Eurosystem's ability to carry out its tasks as central bank of issue for the euro. At present, CCPs established in the United Kingdom clear significant volumes of euro-denominated transactions. Thus, a significant disturbance affecting a major UK CCP could lead to a severe decrease in liquidity within the euro area;
- secondly, at the September 2009 summit in Pittsburgh, G20 leaders agreed that all standardised OTC derivative contracts should be cleared through a CCP. These developments have led to a **dramatic increase in the scale and importance of CCPs in the Union and globally**;
- thirdly, the European Commission presented its legislative proposal to ensure financial stability and the safety and soundness of CCPs that are of systemic relevance for financial markets across the Union. In order to ensure that the Eurosystem as central bank of issue for the euro can carry out the role envisaged by the legislative proposal, it should have the power to monitor and assess risks posed by CCPs clearing significant amounts of euro-denominated transactions.

In the light of these considerations, **the ECB considers that it should have the power to regulate clearing systems**, in particular central counterparties, in order to fulfil its fundamental tasks. It therefore submits a recommendation for a Decision of the European Parliament and of the Council with a view to amending Article 22 of the Statute of the ESCB in this respect.

CONTENT: the ECB recommends that Parliament and the Council adopt a decision **amending Article 22 of the ESCB Statute on clearing and payments systems** in order to allow the ECB and the national central banks to provide facilities, and to enable the ECB to make regulations, and ensure efficient and sound clearing and payment systems, and clearing systems for financial instruments, within the Union and with other countries.