

# Framework for the recovery and resolution of central counterparties

2016/0365(COD) - 14/12/2020 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a legislative resolution approving the Council's position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132.

The Council's position at first reading reflects the agreement reached between Parliament and the Council in the framework of the inter-institutional negotiations at the early second reading stage.

The Council's position establishes rules and procedures as regards the recovery and resolution of central counterparties authorised under regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR), as well as rules on agreements with third countries in the area of recovery and resolution of CCPs.

The objective of this recovery and resolution framework is to:

- ensure that CCPs set out measures to recover from financial distress, to maintain the critical functions of a CCP which is failing or likely to fail while winding up the remaining activities through normal insolvency proceedings;
- preserve financial stability while avoiding a significant adverse effect on the financial system and its ability to serve the real economy and minimising the cost of a CCP failure to taxpayers.

Under the proposed regulation:

- each Member State should designate one or more resolution authorities empowered to use the resolution instruments and to exercise the resolution powers set out in the regulation;
- CCPs should draw up and maintain recovery plans providing for measures to be taken in the case of default to restore their financial soundness;
- CCP resolution authorities should draw up resolution plans indicating how CCPs should be restructured and how their critical functions should be maintained in the event of a CCP default;
- competent authorities should be granted early intervention powers to avoid or minimise adverse effects on financial stability or on the interests of various stakeholders that could result from implementation of certain measures by the CCP.