Value of the clearing threshold for positions held in OTC commodity derivative contracts and other OTC derivative contracts

2022/2899(DEA) - 24/11/2022 - Text adopted by Parliament, single reading

The European Parliament decided not to object to the Commission's Delegated Regulation of 18 October 2022 amending the regulatory technical standards laid down in Delegated Regulation No (EU) 149/2013 as regards the value of the clearing threshold for positions held in OTC commodity derivative contracts and other OTC derivative contracts.

Parliament recalled that commodity prices have increased recently, significantly exacerbated by Russia’s military aggression against Ukraine. Rising prices and extreme volatility on energy derivative markets have recently led to higher margin calls by central counterparties for energy companies to cover the related exposures. This situation has created liquidity strains for non-financial counterparties, such as energy companies.

Energy companies which have often less liquid assets to meet margin requirements may be forced to either reduce their positions or leave them improperly hedged, thus exposing them to further price variations. Energy companies should maintain the financial ability and liquidity to secure supplies and purchases of energy commodities in the medium term - while preserving financial stability - in order to benefit Union households and businesses.

The Commission asked ESMA on 13 September 2022 to consider whether Delegated Regulation (EU) No 149/2013 should be temporarily amended to alleviate some of these burdens.

In its response of 22 September 2022, ESMA indicated that it submitted its draft regulatory technical standards on commodity clearing thresholds on 3 June 2022 to the Commission that proposed to increase the commodity clearing threshold by EUR 1 billion, bringing it to EUR 4 billion.

ESMA confirmed the appropriateness of the proposed increase and invited the Commission to adopt that measure as soon as possible.

Therefore, the Commission adopted the Delegated Regulation which increases the clearing threshold value for positions held in OTC commodity derivatives stipulated in Delegated Regulation (EU) No 149 /2013 **from EUR 3 billion to EUR 4 billion**.

Parliament considers that the delegated regulation should enter into force as a matter of urgency in order to alleviate the increased liquidity pressure of energy companies.