

Measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets

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The Committee on Economic and Monetary Affairs adopted the report by Danuta Maria HÜBNER (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Active Account

The amended text set a solid active account requirement (AAR) that will **require certain financial and non-financial counterparties to have an account at an EU CCP**, which includes operational elements such as the ability to handle the counterparty's transactions at short notice if need be and activity elements so that the account is effectively used. This is ensured by a number of requirements, which have to be fulfilled by these accounts, including requirements for counterparties above a certain threshold to clear trades in the most relevant sub-categories of derivatives of substantial systemic importance defined in terms of class of derivative, size and maturity.

Joint supervisory activities

Each authorised CCP authorised should be subject to joint supervisory activities. Those activities should be coordinated by ESMA and the college in the context of the annual review and evaluation process and should be open for the participation of each college member on a voluntary basis.

ESMA should be in charge of establishing and coordinating the joint supervisory activities.

Joint monitoring mechanism

To enhance the ability of relevant Union bodies to have a comprehensive overview of market developments relevant for clearing in the Union, monitor the implementation of certain clearing related requirements of Regulation (EU) No 648/2012 and collectively discuss the potential risks arising from the interconnectedness of different financial actors and other issues related to the financial stability, the report noted the need to establish a cross-sectoral monitoring mechanism bringing together the relevant Union bodies involved in the supervision of Union CCPs, clearing members and clients.

Such Joint Monitoring Mechanism should be managed and chaired by ESMA as the Union authority supervising Union CCPs and supervising systemically important third-country CCPs. Other participants should include representatives from the Commission, the EBA, EIOPA, the ESRB, the ECB and the ECB in the framework of the tasks concerning the prudential supervision of credit institutions within the single supervisory mechanism.

To inform future policy decisions, ESMA, in cooperation with the other bodies participating in the Joint Monitoring Mechanism, should submit an annual report to the European Parliament, the Council and the

Commission on the results of their activities. This report should include recommendations for potential Union-level action to address identified horizontal risks.

Strengthening ESMA's role in emergency situations

Members considered that ESMA should be provided with a coordination role in cross-border emergency situations. Therefore, ESMA should be able to convene meetings of the CCP Supervisory Committee, either on its own initiative or upon request, potentially with an enlarged composition, to coordinate effectively competent authorities' responses in emergency situations. ESMA should also be able to ask, by simple request, information from market participants which is necessary for ESMA to perform its coordination function in those situations and to be able to issue recommendations to the competent authority.

Lastly, given that developments in financial markets could have direct implications for the banking system or for monetary policy decisions, representatives of relevant central banks of issue should always be invited to participate in the coordination meetings of the CCP Supervisory Committee in response to such emergency situations.