



FOCUS

EMIR 2.2

Updated in November 2020



SOCIETE GENERALE
Securities Services

MAIN REGULATORY EVOLUTION

Creation of a permanent internal ESMA's committee (the CCP Supervisory Committee) for all CCPs (European and non-European)

CCP's colleges: improvement of their governance; creation of colleges for non-EU CCPs (third country CCPs)

Classification of non-EU CCPs (Third Country CCPs): in Tier 1 or Tier 2

Withdrawal / limitation of activities for non-EU CCPs

Equivalence between EMIR and the legal and supervisory framework of third countries

CRITICAL POINTS

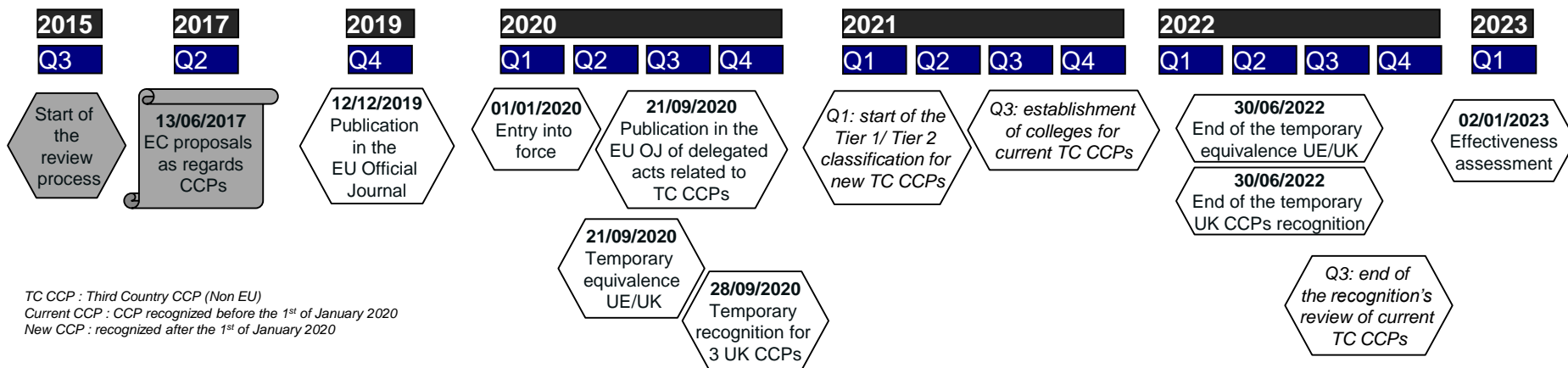
The aim of this new committee is to address inconsistencies in the supervision of CCPs (Eu and non-EU). It will also be able to propose to the ESMA Board of Supervisors the issuance of ESMA's guidelines, opinions, ..

The scope of members is broader; members will be authorized to contribute to set up of the meetings' agenda; colleges will be able to provide opinions. The principle of CCPs colleges is extended to non-EU CCPs.

New classification of third country CCPs into Tier 1 / Tier 2, depending on the systemic risk they may pose for the Union. The conditions for a "Tier 2" CCP to be recognized by ESMA will be more stringent.

As a last resort measure, the European Commission may impose a non-EU CCP to relocate part / all its clearing activity in a Member State.

Introduction of a regular monitoring of regulatory and supervisory developments in third countries to be conducted by ESMA



Updated on the 9th of November 2020

- Central Counterparties (CCPs)
- ESMA's role
- Equivalence
- Third countries CCPs
- Supervision
- Financial Stability

STATEMENT

- ❑ The regulation has entered into force on the 2nd of January 2020. However measures related to non-EU CCPs will not apply before the publication of the delegated acts (level 2 texts)
- ❑ Delegated acts on the criteria for tiering, comparable compliance and fees for third country CCPs have been published in the EU OJ (21/09/2020)
- ❑ Level 3: ESMA is expected to issue Guidelines by the 2nd January 2021 specifying the common procedures and methodologies for the supervisory review and evaluation process (for EU CCPs)
- ❑ EC has issued a temporary equivalence decision for the UK on the 21st of September 2020 and ESMA on the 28th of September 2020 has temporarily recognised 3 UK CCPs (LME Clear Limited as Tier 1 CCP, ICE Clear Limited as Tier 2 CCP, LCH Limited as Tier 2 CCP)
- ❑ Both the temporary equivalence and the temporary recognition will apply from the 01/01/2021 to the 30/06/2022

FOR YOUR CONSIDERATION

- ❑ The main point of attention should be on these future Tier 2 CCPs and the likelihood for one of them to be under a relocation requirement
- ❑ The EC temporary decision is based on the current state of regulation in the UK; the equivalence could be revoked by the EC at any time
- ❑ On the 8th of July ESMA wrote a letter to the EC detailing its concerns re the final drafts compared to ESMA's technical advices

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To know more please refer to:
FicheEMIR2.2-ToKnowMore

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