EUROPEAN
COMMISSION

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COMMISSION IMPLEMENTING REGULATION (EU) No …/..

of XXX

on the extension of the transitional periods related to own funds requirements for exposures to central counterparties set out in Regulations (EU) No 575/2013 and (EU) No 648/2012 of the European Parliament and of the Council

(Text with EEA relevance)

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(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012[1], and in particular Article 497(3) thereof,

Whereas:

(1) In order to avoid disruption to international financial markets and to prevent penalising institutions by subjecting them to higher own funds requirements during the processes of recognition of existing third-country central counterparties (CCPs), Article 497(2) of Regulation (EU) No 575/2013 established a transitional period during which third-country CCPs with which institutions established in the Union clear transactions may be considered qualifying CCPs by those institutions.

(2) Regulation (EU) No 575/2013 amended Regulation (EU) No 648/2012 of the European Parliament and of the Council[2] in respect of certain inputs to the calculation of institutions' own funds requirements for exposures to third-country CCPs. Accordingly, Article 89(5a) of Regulation (EU) No 648/2012 requires certain third-country CCPs to report, for a limited period of time, the total amount of initial margin they have received from their clearing members. That transitional period mirrors the one laid down in Article 497(2) of Regulation (EU) No 575/2013.

(3) Both transitional periods were set to expire on 15 June 2014.

(4) Article 497(3) of Regulation (EU) No 575/2013 empowers the Commission to adopt an implementing act to extend the transitional period for own funds requirements by six months in exceptional circumstances. That extension should also apply in respect of the time limits laid down in Article 89(5a) of Regulation (EU) No 648/2012. Those transitional periods have most recently been extended until 15 December 2018 by Commission Implementing Regulation (EU) 2018/815[3].

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1 OJ L 176, 27.6.2013, p. 1.

2 Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).

3 Commission Implementing Regulation (EU) 2018/815 of 1 June 2018 on the extension of the transitional periods related to own funds requirements for exposures to central counterparties set out in Regulations (EU) No 575/2013 and (EU) No 648/2012 of the European Parliament and of the Council (OJ L 137, 4.6.2018, p. 3).

(5) Of the CCPs established in third countries that have already applied for recognition in accordance with Article 25 of Regulation (EU) No 648/2012, 32 CCPs have been recognised by the European Securities and Markets Authority. The remaining third-country CCPs are still awaiting recognition and their recognition process will not be completed by 15 December 2018. If the transitional period is not extended, institutions established in the Union (or their subsidiaries established outside the Union) having exposures to those remaining third-country CCPs will be required to increase their own funds for those exposures significantly, potentially leading to the withdrawal of those institutions as direct participants in those CCPs or, at least temporarily, to the cessation of the provision of clearing services to those institutions' clients and thus cause severe disruption in the markets in which those CCPs operate.

(6) The need to avoid disruption to markets outside of the Union that led to the previous extensions of the transitional period laid down in Article 497(2) of Regulation (EU) No 575/2013 would therefore remain after the expiry of the extension of the transitional period set out in Implementing Regulation (EU) 2018/815. A further extension of the transitional period should enable institutions established in the Union (or their subsidiaries established outside the Union) to avoid significant increase in the own funds requirements due to the lack of completion of the recognition process for CCPs which provide, in a viable and accessible way, the specific type of clearing services that institutions established in the Union (or their subsidiaries established outside the Union) require. An additional six-month extension of the transitional periods is therefore appropriate.

(7) This Regulation should enter into force before 16 December 2018 to ensure that the extension of the existing transitional periods occurs prior to their expiry. A later entry into force could lead to disruption for CCPs, for markets in which they operate and for institutions which have exposures to those CCPs.

(8) The measures provided for in this Regulation are in accordance with the opinion of the European Banking Committee,

HAS ADOPTED THIS REGULATION:

Article 1

The 15-month periods referred to in Article 497(2) of Regulation (EU) No 575/2013 and in the second subparagraph of Article 89(5a) of Regulation (EU) No 648/2012, as most recently extended in Implementing Regulation (EU) 2018/815, are extended by an additional six months until 15 June 2019.

Article 2

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President
Jean-Claude Juncker