to build clearing capacity at EU CCPs would be hampered by “first-mover disadvantage”, as those clearing members that were the first to clear at EU CCPs would be faced with lower liquidity than those that continued clearing at the two UK Tier 2 CCPs. Exposure reduction targets to which all EU clearing members would commit would address this first-mover disadvantage by spreading the costs of lower liquidity more evenly across clearing members.

“Mandatory” reductions could be achieved by adapting the large exposure regime in the CRR to clearing members’ exposures to the two UK Tier 2 CCPs. The calculation of large exposures excludes clearing members’ trade exposures and default fund contributions to qualified central counterparties (Article 400(j) of the CRR). However, Article 459 of the CRR might enable the European Commission to impose such requirements on the two UK Tier 2 CCPs based on the assessment of the systemic relevance for the EU of certain clearing services that they provide in EUR and PLN. To be effective, these exposures would need to include client exposures.

Strengthening supervision

In its response of 3 December 2021 to the above-mentioned consultation by ESMA, the ESRB took a view on this topic, noting the need to strengthen EU supervision commensurately with an increase in clearing activity at EU CCPs. In particular, the ESRB noted that the European Commission might wish to consider strengthening ESMA's powers within the EU. The aim would be that, should EU CCPs grow beyond certain thresholds (including as a result of any reduction of the UK CCP market shares in the clearing services identified), the legal, supervisory and resolution framework in the EU would better reflect the greater role of some EU CCPs.

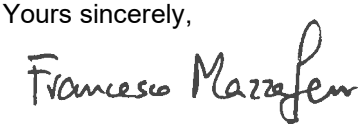
In that response, the ESRB also proposed strengthening ESMA's powers outside the EU. Specifically, the ESRB proposes revising the legal framework of Tier 2 CCPs to make ESMA’s role more incisive, particularly with regard to crisis situations, i.e. the recovery or resolution of a CCP, while enhancing the cooperation with UK authorities.

The ESRB considers that more specific proposals to strengthen supervision would be beyond its remit.

Publication

The ESRB will publish this letter, including its appendix, after the consultation deadline has passed.

Yours sincerely,



Francesco Mazzaferro

Head of the ESRB Secretariat

Encl.

ESRB response to the European Commission targeted consultation on the review of the central clearing framework in the EU

Appendix

The ESRB's responses to selected questions in the European Commission's targeted consultation on the review of the central clearing framework in the EU

The ESRB's responses to individual questions are grouped into categories, depending on the scope of the question. In addition, and where applicable, the responses make direct reference to the specific questions in the consultation.

1) On enhancing the attractiveness of clearing at EU CCPs

CONSULTATION QUESTIONS (general part)

Q1: In the sections below a range of possible options are presented which could support enhancing the attractiveness of clearing at EU CCPs, thus reducing reliance of EU participants on UK CCPs, focussing on both the supply side and the demand side of clearing services.

The ESRB agrees that a combination of measures and tools could be used to help increase the attractiveness of clearing at EU CCPs and reduce the reliance of EU market participants on identified substantial systemic clearing services at the Tier 2 CCPs. Combining measures that target both the supply and the demand for clearing services would be likely to increase their effectiveness. As stated in the body of this letter, the primary aim of any measure should be to reduce risks to financial stability.

Measures that are within the ESRB's financial stability mandate and that the ESRB considers in its response are (i) introducing higher capital requirements for exposures to Tier 2 CCPs, (ii) introducing active accounts requirements, (iii) setting exposure reduction targets and (iv) broadening the product scope to create more liquid markets. By contrast, the ESRB believes that other stakeholders, including market participants, are better placed to respond to measures aimed for instance at hedge accounting and the application of fair, reasonable, non-discriminatory and transparent (FRANDT) principles.

As set out in the body of the letter, any increase in the demand for clearing that might arise from broadening the clearing obligation may not necessarily mean increased demand for the services of EU CCPs. Therefore, broadening the clearing obligation may not – in isolation – address the risks to financial stability identified by

the ESRB that are associated with the continued recognition of the clearing services of the two UK Tier 2 CCPs.

The following responses elaborate on such measures. For these considerations to be turned into proposals, the European Commission would first need to conduct a cost-benefit analysis to test their viability.

2) On encouraging clearing by public entities

I. Scope of clearing participants and products cleared – c) Encourage clearing by public entities

Q1. To what extent do you think that the participation of public entities would add to the attractiveness of central clearing in the EU?

Q2. What are the benefits of public entities to centrally clear? What are the costs and other drawbacks?

Q3. What would make it more attractive for public entities (as referred to in Article 1(4) and Article 1(5) EMIR) to centrally clear? Please explain your answer providing, where possible, quantitative evidence and examples, including on the potential costs and benefits.

The ESRB is of the opinion that the clearing obligation should apply as broadly as possible.[8] A broad clearing obligation makes for more netting of exposures, more risk reduction and fewer financial stability risks.

EMIR exempts public entities from the EMIR requirements in its Level 1 text (Article 1(4) EMIR). This means that neither the clearing obligations nor the reporting obligations apply to public entities.

[8] See **ESRB opinion on ESMA report on Central Clearing Solutions for Pension Scheme Arrangements**.

With specific regard to EU central banks, the ESRB sees a number of reasons why this category of entities should continue to be exempt from the clearing obligation. These reasons are directly or indirectly linked to EU banks' independence under Article 130 of the Treaty on the Functioning of the European Union.

Central banks aside, mandating clearing for public entities would increase the demand for clearing services. Public entities are active in products such as credit and interest rate derivatives, where there is reliance on the two Tier 2 UK CCPs.

Mandating clearing for public entities also has a number of drawbacks. These are mainly related to public entities being direct members of CCPs. They concern (i) wrong-way risk and diversification and (ii) mutualisation.

Wrong-way risk materialises when, for instance, the value of the collateral posted by a clearing member is directly linked to the solvability of the clearing member. It could be problematic for public entities to post collateral that would be immune from wrong-way risk, unless extraordinary measures were contemplated, such as mandating EU public bodies to post only collateral issued by a third country. This in turn would create reliance on third countries from another systemic standpoint.

From a mutualisation perspective, the need to deposit margins and contribute to the default funds of CCPs means that public entities would incur costs, including in the form of losses that might arise from their participation in loss-sharing agreements. As these costs would ultimately be borne by taxpayers, the benefits of public entity participation in central clearing from a financial stability perspective should therefore be weighed against the costs public entities would incur. This is particularly relevant when it comes to the potential use of recovery and resolution tools which may involve sharing losses among non-defaulting clearing members and clients. As stipulated in the Central Counterparties Recovery and Resolution Regulation[9], "[r]ecovery plans should not assume access to extraordinary public financial support or expose taxpayers to the risk of loss" and "[a]n effective resolution regime should minimise the costs of the resolution of a failing CCP borne by the taxpayers". The potential mutualisation of losses by public entities would be at odds with these provisions.

[9] Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 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/EC and (EU) 2017/1132 (OJ L 22, 22.01.21, p. 1).

Overall, the ESRB sees the merit of a large pool of liquidity that the (direct or indirect) membership of public entities (apart from central banks) could provide for EU CCPs. In addition, the start of the clearing obligation for PSAs would help add further liquidity to EU CCPs, as EU pension funds generally have a higher share of their activities in European Economic Area (EEA) currencies. ESMA recently recommended that the Commission start applying the clearing obligation to PSAs from 19 June 2023.

3) On broadening the product scope of the clearing obligation

I. Scope of clearing participants and products cleared – d) Broaden the product scope of the clearing obligation

Q1: is the range of products currently subject to the clearing obligation wide enough keeping in mind the financial stability angle?

Q2: Could additional products be subject to the clearing obligation?

Possible ways to expand the scope of the clearing obligation could be to add maturities to the current product scope of the clearing obligation, with a view to increasing the scale of centrally cleared transactions with these maturities. The aim of this would be to create a more liquid market. Candidates for such an expansion might be certain short-term interest rate derivatives and certain credit derivatives identified below. This would need to take place in accordance with the framework set out in Article 5 of EMIR, and a full assessment would be required.

Currently the clearing obligation covers overnight index swaps (OISs) referencing the euro overnight index average (EONIA) with a maturity of up to three years. As shown in Table 1, the centrally cleared market for maturities between four and ten years is active enough to absorb the non-cleared share. In terms of currencies, this is true for EONIA/euro short-term rate (€STR), sterling overnight index average (SONIA) and USD-denominated OISs. However, EU CCPs offer a sufficiently liquid clearing market for EONIA/€STR only.

As shown in Table 2, most of the sovereign single-name CDSs are bilaterally cleared, and EU CCPs do not offer clearing for this type of product in any currency. Nevertheless, extending the clearing obligation to USD-denominated sovereign single-name CDSs with a maturity of up to five years could have substantial financial stability benefits given the size of this market and could spur the EU CCPs to extend their product offering for CDSs.

4) On capital requirements in CRR/CRD IV and supervisory tools

II. Measures towards market participants – a) Broaden the product scope of the clearing obligation

Q1: EMIR 2.2 introduced a difference between third-country CCPs which are Tier 1 and those that are Tier 2. How could the greater systemic importance (and associated risks) of Tier 2 third-country CCPs be reflected in the context of banking rules and supervision?

Q3. How could a higher risk weight for excessive exposures to a Tier 2 QCCP be designed given their systemic imprint: […]

Question 4. In light of the Commission strategy to reduce excessive reliance on Tier 2 third-country CCPs, what level could be appropriate in your view for the risk weight, to incentivise

clearing members to consider other options than a Tier 2 CCP for clearing their derivatives? [text box]

Question 5. How do you assess the risk that participants would relocate clearing to other third-country jurisdictions in case a higher capital requirement on excessive exposures to T2 CCPs is imposed?

Question 6. Do you include in your operational risk framework scenarios including limitation of access/non-recognition of a third-country CCP, or activation of the EMIR 2.2 process under Article 25.2c (i.e. possibility of de-recognition of a third-country CCP or certain clearing services)?

II. Measures towards market participants – b) Macroprudential tools

Question 1. The over-reliance on Tier 2 CCPs presents risks for the financial stability of the Union. Do you think macroprudential tools should be considered to achieve the desired policy objectives, alongside or as a substitute for the use of micro-prudential tools? Please explain your reply in as much detail as possible.

Question 2. Do you think a macroprudential buffer should be considered in light of this reliance/exposure?

For this item, see the considerations in the body of this letter.

5) On setting exposure reduction targets

II. Measures towards market participants – c) Set exposure reduction targets

*Q1. If targets were to be set in some form or another, what do you think could be a reasonable target to achieve in terms of reduction of **overall** euro-denominated exposures of EU participants to Tier 2 UK CCPs? Should exposures to systemic non-EU CCPs somehow be capped?*

Q1.1 Please explain your answer to Q1 providing, where possible, quantitative evidence and examples. Please also indicate over what timeframe such reduction can be achieved.

Q3. Please indicate whether the targets should be set:

- at a global level (all EU clearing members)- at clearing members' level
- at clearing member and client levels
- other

Q4. What could be the targets for the services identified by ESMA as being of a substantial systemic importance:

- Swapclear by LCH Ltd, for both euro and Polish Zloty-denominated products.
- The STIR futures by ICE Clear EU for euro-denominated products.
- The CDS Service by ICE Clear EU for euro-denominated products.

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits.

Q5. What factors should be taken into account in your view when sizing the target and setting the timeline for meeting it?

The ESRB is of the view that overreliance must be analysed both in relative and in absolute terms.

On the one hand, EU overreliance is a relative phenomenon. For instance, the ESRB's assessment concluded that the EU relies substantially on certain clearing services at the two UK Tier 2 CCPs. Relative overreliance could therefore be addressed by increasing the use of EU CCPs, thus reducing the market share of the two UK Tier 2 CCPs. This could for instance be achieved by expanding the scope of the clearing obligation, thus increasing the total volume of transactions cleared, and thereby shifting the balance to make the clearing landscape less concentrated (this only works if new transactions are cleared at EU CCPs and not third-country CCPs).

On the other hand, overreliance is also an absolute phenomenon. Indeed, the ESRB's assessment concluded that EU exposures to UK CCPs were of substantial systemic relevance. Therefore, mitigating the associated risks to financial stability would also require reducing absolute exposures to the substantially systemic clearing services at the two UK Tier 2 CCPs.

Calibrating exposure reduction targets in relative and/or absolute terms is challenging, complicated by the fact that derivative markets evolve dynamically and have been growing over time. One reason is a lack of data to define metrics that would be used to measure reliance and exposures. As shown in Table 3, the reliance on third-country CCPs varies greatly across asset classes and currencies, but the notional amount of contract cleared is not the best measure of the reliance of market participants on a particular CCP. The initial margin posted instead weighs the riskiness of overall positions cleared by CCPs and considers the netting effects and offsetting positions. Chart 1 is a better measure of the reliance of EU members on third-country CCPs. Nevertheless, as the initial margin is computed at the portfolio level, it is not granular enough to allow the risk exposures at the product or currency level to be measured. Additional information currently not available from

trade repository data, such as positions' sensitivities and risk measures, would help assess exposures to third-country CCPs for different products.

In order to face these challenges, it might be necessary to define a set of different indicators to quantify substantially systemic exposures.

6) On facilitating the transfer of contracts from outside the EU

II. Measures towards market participants – e) Facilitate transfer of contracts from outside the EU

Q1. Should a permanent exemption be granted allowing for a novation of legacy trades without triggering any EMIR requirements?

The ESRB is of the view that the transfer of legacy trades from the two UK Tier 2 CCPs to EU CCPs should not be exempted from EMIR requirements. For example, such an exemption could result in an unlevel playing field. Depending on how this would be set out in the Level 1 text, it could also mean that transactions that were previously cleared at third-country CCPs will not only no longer be subject to the clearing obligation but will also not be subject to any other EMIR requirement, such as the risk management techniques mentioned in Article 11(3) of EMIR. In practice, they would then also be exempt from bilateral margining, and this would certainly result in an increase in financial stability risks.

The only benefit of this proposal is that it would ensure a reduction in exposures to third-country CCPs, thereby reducing the absolute overreliance. The ESRB has its doubts about the effectiveness of this tool: the legacy

trades are currently already exempt from the clearing obligation, and the tool does not provide any incentive for these transactions to be moved. In addition, the tool is detrimental from a financial stability perspective.

7) On the obligation to clear in the EU

II. Measures towards market participants – f) Obligation to clear in the EU

Q1. In your view should Article 5 be amended:

Yes, so that for new contracts the clearing obligation can only be fulfilled through authorised EU CCPs? / Yes, so that for new contracts the clearing obligation can only be fulfilled through authorised EU CCPs and recognised "Tier 1 CCPs" / No / Don't know.

The initiative to strengthen the market for EU-based clearing does not imply that exposures to third-country CCPs should be avoided altogether. From a financial stability point of view, moving all EU market participants' exposures to a single EU-based CCP would result in a similar concentration at that EU-based CCP, although under closer supervision by EU authorities.

Transferring exposures to a recognised Tier 1 CCP would also increase the systemic importance of that CCP so that it would potentially qualify as a Tier 2 CCP. For example, Chicago Mercantile Exchange Inc. (CME Inc.) is a Tier 1 CCP that offers clearing of over-the-counter (OTC) interest rate swaps (IRSs) denominated in EUR and PLN. If EU members were to shift even partially their [redacted] outstanding EUR IRSs from LCH Ltd to CME Inc., this would easily be enough to cause CME Inc. to breach one of the minimum exposure thresholds under Delegated Regulation (EU) 2020/1303 (the Tiering DA)[10]. Indeed, third-country CCPs clearing more than €1 trillion notional of OTC derivatives denominated in EU currencies over a year could

[10] Commission Delegated Regulation (EU) 2020/1304 of 14 July 2020 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to the minimum elements to be assessed by ESMA when assessing third-country CCPs' requests for comparable compliance and the modalities and conditions of that assessment (OJ L 305, 21.9.2020, p. 13).

potentially be designated Tier 2 by ESMA.[11] Similarly, a shift of the CDS clearing activity of EU members from ICE Clear Europe Ltd to ICE Clear Credit LLC could result in the same scenario.

8) On the active account solution

II. Measures towards market participants – g) Active account

Q1: How would you define an active account? Please explain your answer providing, where possible, quantitative evidence or examples, including on potential costs and benefits.

Q2: Should the level of activity be quantified?

Q3: Should the set level of activity evolve over time, and based on what criteria?

Q4: How would an active account work for omnibus client accounts?

Q5: How can client clearing service providers ensure that clients maintain an activity in EU CCPs?

Q6: What would be the pros and cons, the costs and benefits of mandating the opening of an active account and setting a regulatory level of activity in it?

Q7: Would it be useful to impose requirements (e.g. having an active account at an EU CCP) on international banks having a subsidiary in the EU for retail activities?

The ESRB would consider the idea of requiring EU clearing members to maintain an active account in an EU CCP as an important prerequisite for meeting one of the overarching objectives of this consultation, namely building domestic capacity and thus providing an incentive for the expansion of central clearing activities in the EU. Therefore, the ECB would suggest that the Commission explore the idea further. Requiring EU clearing members to hold an account in the EU, to which they could swiftly reroute their activities cleared in the United Kingdom, would increase their resilience if access to UK CCPs were suddenly restricted. In addition, this could

[11] Under Article 6(2) of the Tiering DA, ESMA may only determine that a CCP is considered a Tier 2 CCP where at least one of the minimum exposure thresholds is met. Therefore, where such a minimum exposure threshold is met, further assessment of the third-country CCP is required for ESMA to determine whether such a third-country CCP is a Tier 2 CCP.

foster a rebalancing between the United Kingdom and the EU, as the active account requirement would enable EU clearing members to transfer part of their exposures from UK CCPs to an EU CCP.

A key parameter to be defined would be the minimal level of activity for an account to be deemed “active”. This level depends on the objective pursued by the measure. For their resilience to be increased, the EU participants would only need to maintain a residual level of activity in their EU account. Meanwhile, in order to foster a rebalancing, a more stringent definition of an “active” account would be needed.

This minimal level could be set either qualitatively or quantitatively. Qualitative guidance could allow a requirement for accounts to host constant and sufficient activity, thus ensuring that EU participants have the operational requirements in place to reroute their positions at any moment. Meanwhile, quantitative guidance would have the advantage of providing certainty on the level of rebalancing that would be achieved by the solution but would need to be carefully tailored in order to ensure both its efficiency and its proportionality. To reduce negative effects on EU clearing and market participants, the quantitative thresholds could evolve gradually, whether along a predefined timeline or after regular recalibrations by a relevant authority.

9) On the transactions resulting from post-trade risk reduction

II. Measures towards market participants – i) Transactions resulting from Post Trade Risk Reduction

Q1. In your opinion, to what extent could the current outstanding notional amount be reduced? Please explain your answer providing, where possible, quantitative evidence or examples, including on potential costs and benefits.

Q2. How should the resulting risk replacement trades be treated with regard to the clearing obligation? Please explain your answer providing, where possible, quantitative evidence or examples, including on potential costs and benefits.

Q3. What would be the pros and cons, the costs and benefits of subjecting the risk replacement trades to the clearing obligation? In EU CCPs?

In an opinion published in June 2020[12], the ESRB expressed the view that risk replacement trades should not be exempt from the clearing obligation. The ESRB stressed that central clearing provides more transparency in the network of exposures and a more resilient centralised default management process while also reducing bilateral exposures through multilateral netting. Therefore, any exemption from the clearing obligation related to post-trade risk reduction transactions could create a loophole for circumventing the clearing obligation and reversing centrally cleared trades.

10) Interoperability

III. Measures towards CCPs – e) Interoperability

Q1. Do you think EMIR should explicitly cover interoperability arrangements for derivatives? Only for Exchange Traded Derivatives or also OTCs? Please explain your answer to Q1 providing, where possible, quantitative evidence and examples.

Q2. In light of efforts to enhance the clearing capacity in the EU and the overall attractiveness of EU CCPs, do you think there would be benefits of developing interoperability links between EU CCPs? If yes, which ones? What do you think would be the benefits and the costs?

Q3. Do you think interoperability arrangements for derivatives between EU CCPs could contribute to enhancing the overall liquidity at EU CCPs? Why?

Q4. How would you assess a situation in which Interest Rate Swap clearing happens at more than one EU CCP (e.g. at 2 CCPs) and there is an interoperability link between the two concerning such products? Would this be more convenient for market participants?

Q5. In the situation described under Q4, how should the risks related to the arrangement be properly dealt with? What kind of safeguards should be there in terms of proper risk management?

[12] See **ESRB opinion on ESMA's report on post trade risk reduction services with regards to the clearing obligation (Article 85(3a) EMIR)**.

Q6. In the context of CCP links, what are in your view the costs and benefits of cross-margining arrangements?

Q7. Would allowing for cross-margining arrangements in the EU be useful/desirable?

Interoperability arrangements currently exist only for securities clearing. This is mainly due to the complex risk management structure that accompanies interoperability arrangements. EMIR does not explicitly prohibit interoperability for derivatives but is silent on it. The absence of EMIR provisions relating to the permissiveness of interoperability arrangements for derivatives gives rise to legal uncertainty. This uncertainty should be addressed, ideally by specifying for which types of products and under what conditions interoperability arrangements for derivatives could be approved and established (even if such links were to require additional safeguards).

The ESRB expressed its view in 2016 and in 2019 on the complexities of interoperability in its **report on CCP interoperability arrangements**. On the one hand, the ESRB noted that interoperability arrangements provide clearing members with greater opportunities for netting and lead to a reduction in outstanding gross exposures in the system. On the other hand, the ESRB noted that interoperability arrangements might introduce complexity into the risk management of linked CCPs and add a direct channel of contagion between CCPs. This is because linked CCPs become directly involved in the loss-sharing mechanism of other linked CCPs. These risks are higher for derivatives clearing activities than for securities clearing, as securities positions are usually settled after two days.

Interoperability could bring significant benefits in a situation where the liquidity in certain derivative products is divided between two or more CCPs by increasing overall liquidity and reducing the costs of fragmentation. However, these benefits need to be balanced against the potential risks that interoperability might bring, especially when it comes to derivatives clearing. These considerations seem particularly important in view of the potential fragmentation that could be induced by regulatory incentives to reduce the reliance on the two UK Tier 2 CCPs.

In conclusion, there appears to be no need at present to enable interoperability for derivatives. However, the approach of recognising the two Tier 2 UK CCPs on a time-limited basis might change the balance of benefits and costs. Also, if EMIR provision were to prohibit interoperability arrangements for derivatives or to remain silent on this topic, some EU CCPs might choose to access other CCPs as regular direct clearing members, which would also create channels of contagion.

It should be noted that the legal framework prevents EU CCPs from establishing cross-margining arrangements, i.e. arrangements whereby positions held at one CCP on certain financial instruments can offset positions on highly correlated financial instruments held at other CCPs (in this respect please see question/answer no. 9 of the ESMA Q&A on EU CCPs). Subject to the above caveats, properly designed and supervised cross-margining arrangements could benefit and facilitate the integration of the EU clearing services market, provided that the relevant risks are effectively analysed and managed. Against this backdrop,

the European Commission might wish to consider whether the current prohibition deserves to be maintained or lifted.

11) Monitoring the clearing landscape

IV. Monitoring progress towards reduced reliance of EU participants on Tier 2 CCPs

Monitoring progress towards reduced reliance of EU participants on (the identified substantial systemic clearing services at the) Tier 2 CCPs will require access to high-quality granular data. Information reported under EMIR will constitute an important basis. However, it should be accompanied by other public information (including public disclosures for CCPs) and additional confidential information. It is worth stressing that the reliability of this monitoring process will depend crucially on the completeness and quality of the data reported by EU CCPs, EU clearing members and EU clients. Currently, this work is being hampered by substantial data quality issues. These are due to misreporting by CCPs, clearing members and clients. All EU market participants should improve the quality of the data reported: the data in question should not be incomplete, inaccurate or out of date. In particular, CCPs and clearing members should step up efforts to:

- report accurate and up-to-date information according to the EMIR regulatory technical standards/implementing technical standards and ESMA's reporting guidelines;
- improve the reporting of notional amounts, collateral (variation and initial margins and excess collateral) and other relevant fields, especially indicating client trades;
- promptly and accurately reconcile the information reported with that reported by both EU and non-EU entities (CCPs versus clearing members, clearing members versus clients).

[redacted] Concentration is also high for clients. This concentration calls for targeted efforts, keeping in mind two additional aspects:

- these banks also clear in the United States, so they could easily move there, rather than move to EU CCPs;
- these banks have subsidiaries in the United Kingdom and could move their trades there, rather than to EU CCPs.

12) How should EU-level supervision be given a stronger role?

V. Supervision of CCPs – a) Identifying costs related to current supervisory framework and benefits with a stronger role for EU-level supervision

Q.2 In your view, what would be the benefits of a stronger role for EU-level supervision?

Q2.2. Please indicate whether a stronger role for EU-level supervision could also produce negative side-effects.

V. Supervision of CCPs – b) How should EU-level supervision be given a stronger role?

Q1. Do you agree that giving a stronger role to EU-level supervision could simplify and accelerate procedures, remove legal uncertainties and possible dual or conflicting instructions, ensure coherent application of EU Regulations, facilitate the coordination with third country supervisory authorities and create a level playing field between EU CCPs.

Q2. Please indicate how to give a stronger role to EU-level supervision

For this item, see the considerations in the body of this letter.