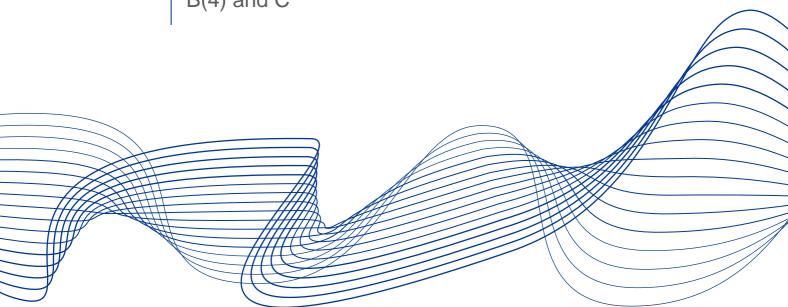
Summary Compliance report

November 2021

Recommendation of the European Systemic Risk Board of 25 May 2020 on liquidity risks arising from margin calls (ESRB/2020/6) – Recommendations A, B(2), B(3), B(4) and C





Contents

Exec	utive s	ummary	2
Intro	ductio	n	4
1	Polic	y objectives of the Recommendation	8
2	Asse	essment methodology	13
	2.1	Assessment criteria and implementation standards, grading methodology and principle of proportionality	14
	2.2	Issues encountered by the AT	20
3	Asse	ssment results on compliance with the Recommendation	22
	3.1	Overall grades of addressees	22
4		findings of the assessment of addressees' compliance with the mmendation	he 28
5	Conc	elusion	31
Anne	x I: Co	emposition of the Assessment Team	33
Anne	ex II: Co	ompliance criteria and implementation standards	34
Impri	int and	acknowlegements	36



Executive summary

In July 2020 the European Systemic Risk Board (ESRB) issued a recommendation aimed at addressing the liquidity risks potentially arising from margin calls (the

"Recommendation").¹ The Recommendation consists of Recommendations A, B, C and D. Each of these Recommendations contains sub-recommendations (the "sub-recommendations)", aimed at: (i) limiting cliff effects in relation to the demand for collateral, also including client clearing services and non-centrally cleared markets; (ii) enhancing central counterparty (CCP) stress test scenarios for the assessment of future liquidity needs; (iii) limiting liquidity constraints related to margin collection; and (iv) promoting international standards related to the mitigation of procyclicality in client clearing services.

The addressees of the Recommendation were a number of authorities that had been granted supervisory responsibilities over CCPs, clearing members and financial and non-financial counterparties. The European Securities and Markets Authority (ESMA) and the European Commission received specific sub-recommendations. In general, recommendations issued by the ESRB are not legally binding, but they are subject to an "act or explain" regime in accordance with Article 17 of the ESRB Regulation.² This means that the addressees are under an obligation to inform the European Parliament, the Council, the Commission and the ESRB of the actions they have taken to comply with the recommendations or to provide adequate justification for inaction.

Most of the sub-recommendations requested addressees to provide the ESRB, by 30 November 2020, with a report explaining the measures taken in response to them or to justify any inaction. This was the case for Recommendations A, B(2), B(3), B(4) and C of the Recommendation. For the purposes of this report, the Recommendation included a standardised follow-up questionnaire, which was to be filled in and submitted by all addressees. The assessment of addressees' compliance or justification for inaction was based on their submissions to the ESRB Secretariat using that template. Other information provided by the addressees during the assessment process was also included in the assessment. This report reflects the implementation status as at 30 November 2020 and the information subsequently provided until summer 2021. The addressees' reports on Sub-Recommendations B(1) ESMA and D(1) Relevant Competent Authorities are due by 31 December 2021. The reports on Recommendation D(2) European Commission are due by 31 December 2022.

The degree of compliance with the sub-recommendations at this stage, as shown in the assessment, is significant and no major systemic concerns have been highlighted by the addressees' responses. In general, the initial responses and the subsequent clarifications collected by the Assessment Team (AT) show that the Recommendation has been widely accepted by the addressees. In a number of cases, the implementation of the Recommendation was planned



Recommendation of the European Systemic Risk Board of 27 May 2020 on liquidity risks arising from margin calls (ESRB/2020/6) (OJ C 238, 20.7.2020, p. 1).

Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010, p. 1).

within a short timeframe and in very few cases the assessment led to the awarding of "non-compliance" grades.

The assessment has confirmed that the clearing industry is highly concentrated both at bilateral and multilateral level. This is demonstrated by the large number of "Sufficiently explained" grades, which is the grade given for inaction if the approach is justified on the grounds that a recommendation is not relevant in a given jurisdiction because the underlying phenomenon is absent or not material, for instance. Thus, it should be noted that the 13³ CCPs currently authorised in Europe are established in 11 jurisdictions and intermediaries acting as clearing counterparties in bilateral and/or CCP clearing are concentrated in certain jurisdictions.

In the implementation of the methodology described in Section 2.1, the AT encountered a number of cross-cutting and specific issues. Several addressees of the Recommendation did not submit a reply or submitted joint replies with other authorities, which to some extent complicated the first step of the AT's work, which was to check that all addressees had reported their actions or reasons for inaction as expected. Another issue the AT had to address was the brevity of the responses submitted by some of the addressees while others provided extensive analyses (sometimes in the form of annexes), even though they were all using the same template. Lastly, the timeliness of responses required the AT to act, as several addressees responded after the reporting deadline. Other specific issues are highlighted in the main body of the report.

While the purpose of this report is to explain the extent of compliance with the Recommendation, the AT has flagged several issues which could warrant further consideration. Despite the relatively high degree of compliance with the Recommendation, in the AT's opinion, several issues should be highlighted for the consideration of the General Board and further analytical and policy work may be warranted in some cases. In the area of central clearing, these issues relate to: (a) the evaluation of the performance of anti-procyclical (APC) tools used by CCPs to determine their initial margins – while generally positive, in a number of cases this assessment appears to be influenced by subjective factors and therefore the usefulness and viability of a benchmark to assess the "acceptability" of procyclicality could be considered; (b) despite the overall cautious approach that appears to have been adopted by large clearing members, the use of specific APC tools in client clearing seems to be lacking; (c) the responses indicate that the inclusion in the liquidity risk stress test scenarios of any two entities (not only clearing members, as strictly prescribed by the current regulatory framework) to which a CCP has liquidity exposure is already widely implemented; and (d) CCPs and their relevant national competent authorities (NCAs) seem reluctant to implement the pass-through of intraday variation margins (VM), for both operational and risk-related reasons.

This number does not include the three CCPs established in the United Kingdom, which currently have the status of "recognised CCPs".



Summary Compliance report / November 2021 Executive summary

Introduction

This compliance report (the "Report") provides an assessment of the extent of compliance with Sub-Recommendations A, B(2), B(3), B(4) and C of the ESRB Recommendation on liquidity risks arising from margin calls⁴ (the "Recommendation") by its addressees.

Recommendations issued by the ESRB are not legally binding, but are subject to an "act or explain" regime in accordance with Article 17 of the ESRB Regulation. This means that the addressees are under an obligation to inform the European Parliament, the Council, the Commission and the ESRB of the actions they have taken to comply with these recommendations or to provide justification for inaction.

Under Section 2(3) of the Recommendation, addressees were requested to provide the ESRB, by 30 November 2020, with a report explaining the measures taken in response to Recommendations A, B(2), B(3), B(4) and C of the Recommendation or to justify any inaction. The Recommendation included a standardised follow-up questionnaire, which was to be filled in and submitted by all addressees. The assessment of addressees' compliance or justification for inaction was based on their submissions to the ESRB Secretariat using this template. Other information provided by the addressees during the process was also included in the assessment. This report reflects the implementation status as at 30 November 2020, taking into account the information provided at 13 July 2021. The addressees' reports on Sub-Recommendations B(1) and D(1) are due by 31 December 2021 and the reports on Recommendation D(2) are due by 31 December 2022.

Given the nature of the ongoing COVID-19 crisis, a swift overview of the extent of compliance with the Recommendation was required. For that reason, Section 2 (4)(2) of the Recommendation provides that the methodology set out in the "Handbook on the assessment of compliance with ESRB recommendations", 6 which describes the procedure for assessing compliance with ESRB recommendations, will not apply. Instead, the assessment of compliance with this Recommendation was carried out using a simplified assessment process to limit the drain on resources while adhering to the legislative framework, the principle of good administration and the objectives pursued by the Recommendation. This simplified process included the obligation for the assessors to initiate remedial dialogue with the addressees to give them the opportunity to provide further comments to improve their grades.

To perform the assessment, an AT was set up under the auspices of the Advisory Technical Committee in 2020. The AT was composed of 12 assessors and supported by ESRB Secretariat staff (see Annex I for details of its composition).

The assessment was conducted taking into account:

See the "Handbook on the assessment of compliance with ESRB recommendations", April 2016, on the ESRB's website.



⁴ Recommendation of the European Systemic Risk Board of 27 May 2020 on liquidity risks arising from margin calls (ESRB/2020/6) (OJ C 238, 20.7.2020, p. 1).

Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010, p. 1).

- the objectives of the Recommendation;
- the principles underpinning the "Handbook on the assessment of compliance with ESRB recommendations";
- the implementation standards prepared by the AT, which specify the grade to be awarded for each key element on the basis of the objectives of the Recommendation (see Annex II for details of the implementation standards); and
- the principle of proportionality.

The overall assessment revealed a high degree of compliance with the Recommendation by the addressees. The AT graded most addressees as "Fully compliant" or "Sufficiently explained" for the sub-recommendations, as described in paragraph 3 of this report.



Figure 1 Addressee compliance with the Recommendation CCPs sub-recommendations Clearing members sub-recommendations Counterparties' sub-recommendations

The figures above show the overall compliance grade for each set of sub-recommendations, as defined in Section 2.1 of this report. Further details on the abbreviations and grades used can be found in paragraph 2.1.2 and further details on the extent of compliance with each set of sub-recommendations are included in paragraph 3. In addition to the figures shown above, the addressee of Sub-Recommendation B(4) was assessed as "Fully compliant".



In the sections that follow, this report sets out (i) the objectives of the ESRB Recommendation, (ii) the methodology used by the AT, (iii) colour-coded tables showing the compliance results of each addressee, (iv) a summary of the level of implementation, and (v) an analysis of the AT's main findings.



1 Policy objectives of the Recommendation

The outbreak of the COVID-19 pandemic and the concurrent sharp increase in oil price volatility have, among other things, led to significant margin calls across centrally cleared and non-centrally cleared markets. Initial margins (IM) have increased since mid-February 2020 – more significantly for listed derivatives and cash products than for over-the-counter (OTC) derivatives – in the wake of higher transaction volumes, and as a margin model's response to potentially higher future losses due to heightened market price volatility. Furthermore, CCPs have issued calls for and collected large amounts of intraday margins, including market price movements (variation margin (VM) component) with the corresponding payout often occurring the following morning, causing liquidity to be temporarily held on the accounts of the CCPs. A significant rise in the payment and receipt of the daily VM on bilateral portfolios has been recorded in March 2020.

Many clearing members have seen a marked increase in IM and some clearing members may have experienced greater liquidity constraints. However, no major defaults have occurred in any CCPs established in the European Union. Margin calls may have had a significant impact on non-bank entities, via client clearing or in non-centrally cleared transactions, due to liquidity constraints.

The ESRB acknowledged the liquidity savings for the whole financial system related to the multilateral netting benefit provided by central clearing. It also noted the systemic benefit of central clearing as a critical means for improving financial stability by ensuring and developing sound credit and liquidity risk management practices. The ESRB further acknowledged that policy action on margins must not jeopardise protection against counterparty credit risk. Counterparties, including CCP clearing members and their clients, should ensure that they hold sufficient liquidity to cover margin calls in a timely fashion. However, it is also beneficial, from the standpoint of financial stability, to ensure that CCPs' risk management decisions do not unnecessarily burden clearing members, clearing members' clients or other counterparties due to excessive procyclical features, thus unintentionally creating liquidity strains that could develop into solvency issues. In response to these recommendations, the ESRB expected CCPs to ensure that their risk management and resilience remain sound and continue to protect market participants against losses from defaults.

The Recommendation consists of Recommendations A, B, C and D. Each of these Recommendations contains sub-recommendations.

Recommendations A and D are aimed at ensuring that sudden and significant (hence procyclical) changes and cliff effects involving IM (including add-on margins) and collateral are limited: (i) by CCPs vis-à-vis their clearing members; (ii) by clearing members vis-à-vis their clients; and (iii) in bilaterally cleared transactions, where they may result from CCPs' models and parameters for setting margin requirements and the mechanical reliance on credit ratings, and possibly from procyclical internal credit scoring methodologies. Liquidity

On 15 and 16 September 2020, Keler CCP notified the Gas Market Clearing Members about the default of AIK Energy Austria GmbH. Mutualised resources were used but were subsequently paid back to non-defaulting members by the defaulter's estate (see https://english.kelerkszf.hu/kszfnews/?id=1000055 and https://www.isda.org/a/3jjTE/COVID-19-and-CCP-Risk-Managament-Frameworks-January-2021.pdf).



Summary Compliance report / November 2021 Policy objectives of the Recommendation

planning should be predictable and manageable, to the extent possible, by limiting unexpected and significant margin calls. In previous reports, the ESRB has suggested that envisaging reasonable and enforceable notice periods for any changes in margin and haircut protocols could ensure that market participants adapt in an orderly fashion.⁸

Recommendation B is aimed at ensuring that CCPs comprehensively capture in their liquidity stress testing any events that could lead to liquidity shortfalls, with a view to encouraging them to better manage their reliance on liquidity service providers. This is expected to improve overall market resilience, given that there is a large amount of concentration and interconnection in and among CCPs and their liquidity service providers, and that prudent liquidity management at individual CCP level would enhance risk management from a systemic and macroprudential perspective.

Recommendation C is aimed at ensuring that CCPs, while maintaining their financial resilience, consider limiting asymmetry in the collection and redistribution of VM components collected intraday, and that they design their margin frameworks and schedules to make them predictable and avoid any excessive liquidity constraints for clearing members that could lead to default events.

Content and structure of Recommendations A, B and C

Recommendation A – Limiting cliff effects in relation to the demand for collateral

- It is recommended that the competent authorities seek to ensure that CCPs analyse the
 performance of their policies as required by Article 28 of Delegated Regulation (EU)
 No 153/2013 during periods of acute stress and report their findings to their competent
 authority.
- 2. It is recommended that the competent authorities seek to ensure, taking into consideration the findings of the analyses carried out in compliance with Recommendation A(1), that to the extent permitted by law and consistent with CCPs' financial resilience:
 - (a) CCPs' models and parameters for setting margin requirements and CCPs' policies and procedures for the acceptance and valuation of collateral and for determining prudent haircuts do not unnecessarily and excessively result in sudden and significant changes leading to cliff effects in margins, including add-on margins, and collateral. CCPs should ensure that their models, parameters, policies and procedures:
 - use a granular scale for internal credit scoring models and adopt a progressive approach that implements changes to margin requirements, including add-ons, and collateral arrangements, without unduly delaying the reflection of these downgrades in their overall risk management practices;

⁸ The ESRB has also published a report on mitigating the procyclicality of margins and haircuts in derivatives markets and securities financing transactions.



Summary Compliance report / November 2021 Policy objectives of the Recommendation

- (ii) adopt a comprehensive approach to limiting procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings;
- (b) CCPs inform, without prejudice to Article 49 of Regulation (EU) No 648/2012, their competent authorities, and competent authorities inform members of the college established under Article 18 of Regulation (EU) No 648/2012, when they:
 - (i) reduce the scope of eligible collateral (b) materially modify collateral haircuts; (c) materially decrease the concentration limits applied in accordance with Article 42 of Commission Delegated Regulation (EU) No 153/2013. To the extent that it does not interfere with the timely implementation of risk management decisions, this information should be provided sufficiently in advance of implementation.
- 3. It is recommended that, to the extent permitted by law, the clearing members' relevant competent authorities engage with the clearing members within the context of ongoing supervision to ensure that the application by the clearing members of their risk management procedures when providing clearing services to their clients does not result in sudden and significant changes and cliff effects in margin calls and the collection of margins unless these sudden and significant changes and cliff effects are an inevitable result of market events and does not result in collateral practices in the event of downgrades of credit ratings, and does not materially curtail the soundness of the risk management practices adopted by the clearing members or affect their resilience.
- 4. It is recommended that, to the extent permitted by law, the relevant competent authorities of financial counterparties and non-financial counterparties that enter into non-centrally cleared OTC derivative contracts and securities financing transactions seek to ensure that their risk management procedures do not result, in the event of downgrades of credit ratings, in sudden and significant changes and cliff effects in margin calls and collection and in collateral practices. This could be achieved, for example, by encouraging counterparties to: (i) use a progressive and granular sequence when implementing downgrades of credit ratings, in their overall risk management practices; (ii) maintain a comprehensive approach to limiting procyclical features in accordance with the regulatory requirements in Article 11 of Regulation (EU) No 648/2012, especially with respect to ratings downgrades.

Recommendation B - Stress scenario for the assessment of future liquidity needs

- 1. It is recommended that the European Securities and Markets Authority (ESMA) review the draft technical standards (6) developed under Article 44(2) of Regulation (EU) No 648/2012, and in particular Article 32(4) of those draft technical standards, to include provisions that require CCPs to include in their stress scenarios under Article 44 of Regulation (EU) No 648/2012 the default of any two entities that provide services to the CCP and whose default could materially affect the liquidity position of the CCP.
- 2. Until any action taken by ESMA to comply with Recommendation B(1) and the possible introduction of corresponding Union legislation, it is recommended that competent authorities,



to the extent permitted by law, seek to ensure that the stress scenarios under Article 44 of Regulation (EU) No 648/2012 include the default of any two entities that provide services to the CCP and whose default could materially affect the liquidity position of the CCP; such entities could include the liquidity service providers, settlement service providers or any other service providers whose default could possibly affect the liquidity position of the CCP.

- 3. It is recommended that competent authorities, to the extent permitted by law, seek to ensure that CCPs' remedial actions to address any shortfall in resources available to cover liquidity needs that is identified by applying the additional stress scenarios referred to in Recommendation B(2) or Recommendation B(1), once corresponding Union legislation is in force, do not, when applied in times of market stress, place an additional burden on the clearing members. To this end, the competent authorities should ensure that CCPs seek additional liquidity from alternative market sources.
- 4. It is recommended that, to the extent permitted by law, ESMA, in cooperation with the competent authorities, engage with CCPs and to the extent possible with relevant authorities in third countries to conduct coordinated liquidity stress test exercises which also take into account the default of any two entities as referred to in Sub-Recommendations B(1) and B(2).

Recommendation C - Limiting liquidity constraints related to margin collection

- 1. It is recommended that the competent authorities seek to ensure, to the extent permitted by law and consistent with CCPs' adequate risk management practices and financial resilience, that when CCPs issue margin calls and collect margins to limit their credit exposures, they aim to avoid creating unnecessary liquidity constraints for clearing members, including by ensuring that:
 - (a) with respect to margins called and collected on an intraday basis, and to the extent operationally and legally possible, CCPs identify separately:
 - (i) the margin covering potential exposures, including exposures resulting from positions entered into and novated on that day;
 - (ii) the margin covering realised exposures resulting from market movements on that day, which CCPs should consider collecting and paying out on the same day;
 - (b) when initial margin collateral has been provided by a clearing member in excess of the collateral required to cover the risk stemming from the positions registered in an account, including positions novated intraday and any increased exposure incurred intraday, CCPs prioritise, where operationally possible, the use of excess collateral over collecting additional collateral, unless the clearing member voluntarily posts the add-on margin. This process should be carried out in a predictable, transparent and scheduled manner;
 - (c) CCPs ensure that the process for collecting of initial and variation margins does not result in excessive operational constraints for the clearing member which may pose additional liquidity risk.



- 2. It is recommended that the clearing members' relevant competent authorities monitor and, where necessary and permitted by law and consistent with adequate risk management practices and financial resilience, engage with the clearing members within the context of ongoing supervision so that when clearing members issue margin calls and collect initial and variation margins from their clients, including financial and non-financial counterparties, in order to limit their credit exposures, they aim to avoid unnecessary liquidity constraints for their clients. This could be achieved, for example, by ensuring that:
 - (a) when sufficient initial margin has been provided by a client to cover the risk stemming from the positions registered with the clearing member, including positions novated intraday and any increased exposure incurred intraday, clearing members prioritise the use of excess initial margin collateral over collecting additional collateral unless the client voluntarily posts the add-on margin;
 - (b) clearing members ensure that the process for the collection of initial and variation margins does not result in excessive operational constraints for the clients which may pose additional liquidity risk.



2 Assessment methodology

The assessment of the implementation of the Recommendation was carried out on the basis of the "act or explain" mechanism, in accordance with Article 17 of the ESRB Regulation. Under these arrangements, the addressees of the Recommendation could either (i) take action in response to each of the sub-recommendations and inform the ESRB of the action taken, or (ii) take no action, if this could be properly justified. The AT then analysed the information provided and assessed whether the action taken achieved the objectives of each recommendation or whether the justification provided for inaction was sufficient. This analysis resulted in a final compliance grade being assigned to each addressee.

The assessment was based on the submissions made by the addressees by the reporting deadline specified in Section 2(4) of the Recommendation (i.e. 30 November 2020) and further dialogue between the AT and addressees in the course of the assessment process. This report reflects the implementation status as at 30 November 2020, taking into account the information provided by 13 July 2021.

The General Board of the ESRB decided that, for the recommendations adopted in response to the COVID-19 pandemic, the detailed procedure for the assessment of compliance set out in the "Handbook on the assessment of compliance with ESRB recommendations" should not apply, in order to allow addressees and ESRB member institutions to commit their full resources to responding to the significant challenges arising from the pandemic.

Nonetheless, to ensure equal treatment of the addressees and the highest degree of transparency and consistency, the AT conducted its work according to the six assessment principles set out in Section 4 of the Handbook.

- Fairness, consistency and transparency equal treatment of all addressees throughout the assessment process.
- **Efficiency and appropriateness** of procedures with regard to available resources, while ensuring high-quality deliverables.
- Four-eyes review compliance of each addressee is assessed by at least two assessors
 who have not been directly involved in assessing the performance of the national authorities
 of countries they come from.
- **Effective dialogue** communication with addressees is essential to fill in information gaps on compliance.
- Principle of proportionality actions to be taken by the addressees are country-specific and
 relative to the intensity of the risks targeted by the recommendation in the specific Member
 State.
- The ultimate objective of prevention and mitigation of systemic risks to financial stability in the European Union.



All addressees were given the opportunity to provide further explanations and additional information. Using the communication channels established between the AT and the addressees, several respondents provided further details during the assessment process, especially in the context of remedial dialogue. As a result, the AT was able to raise the grades of some of these authorities. The results were subsequently cross-checked to prepare the final assessment.

The competent authorities and relevant competent authorities of the United Kingdom were addressees of the Recommendation at the time it was issued and submitted follow-up reports to the ESRB. Since then the United Kingdom has withdrawn from the European Union, and Union law, including the ESRB Regulation, no longer applies to and in that country. Against this background, it was decided not to assess the follow-up reports submitted by the UK authorities.

2.1 Assessment criteria and implementation standards, grading methodology and principle of proportionality

The assessment criteria applied in this evaluation are based on best practices set out in previous assessments of compliance with ESRB recommendations. The assessment criteria describe the actions that are required by the addressees in order to achieve the objectives of the Recommendation. With this in mind, the AT took due account of the implementation criterion set out in Section 2(2) of the Recommendation, i.e. the principle of proportionality. Grading was then guided by the relevant implementation standards, which specify how different actions, or inaction, for each sub-recommendation should be reflected in the final grade.

Taking into account the structure of the Recommendation, the AT drew up different sets of sub-recommendations for different addressees:

- 1. sub-recommendations addressed to the competent authorities of CCPs ("CCPs sub-recommendations"): A(1), A(2), B(2), B(3), C(1);
- 2. sub-recommendations addressed to the relevant competent authorities of clearing members ("clearing members sub-recommendations"): A(3), C(2);
- sub-recommendation addressed to the relevant competent authorities of financial and nonfinancial counterparties that enter into non-centrally cleared OTC derivatives contracts and SFTs ("counterparties sub-recommendation"), A(4);
- 4. Sub-Recommendation B(4), which was not included in any of the above categories and was addressed to ESMA only.

2.1.1 Assessment criteria and implementation standards

As part of the assessment, the AT analysed the content and substance of the actions taken by each addressee to assess whether they had complied with all aspects of the Recommendation.



To ensure a consistent and fair analysis, the AT drew up a set of implementation standards against which the responses submitted by the addressees were assessed (see Annex II).

These implementation standards reflect the three sets of sub-recommendations described above. Each set of sub-recommendations was graded independently. For each set, the AT identified key elements, which were then graded. Overall compliance grades were allocated for each set.

CCPs sub-recommendations:

- A(1): CCPs analyses of the performance of their APC tools
- A(2)(i) point (a): granular scale and progressive approach in risk management
- A(2)(i) point (b): comprehensive approach to limiting procyclicality
- A(2)(ii): timely transmission of information by CCPs
- B(2): scope of the liquidity stress test
- B(3): avoidance of excessive burden on clearing members
- C(1)(i): identification of IM and VM and consideration of intraday Margin pass-through
- C(1)(ii): preference for the use of excess collateral to cover intraday margins
- C1(iii): avoidance of excessive operational constraints

Clearing members sub-recommendations:

- A(3): avoidance of procyclical margin calls to clients
- C(2): avoidance of unnecessary liquidity constraints for clients

Counterparties sub-recommendation:

• A(4): avoidance of procyclical margin calls in bilaterally cleared transactions

2.1.2 Grading methodology

To assign a grade to each addressee for compliance with the Recommendation, the AT followed a four-step grading methodology. This methodology was necessary to ensure the complete transparency of the overall compliance grades and a high level of objectivity in the whole assessment process, while still allowing room for high-quality expert judgement, which can easily be identified and reviewed to understand the rationale behind the allocation of particular overall grades.



Step I

Each key element was first assessed and graded on the basis of the assessment criteria, according to the established implementation standards, in terms of the action (FC/LC/PC/MN or NC) or inaction (SE or IE) of each addressee (see Table 1).

The full grading scale is provided in Table 1.

Table 1 **Grading scale**

Grading scale for action			
Fully compliant (FC)	The addressee complies entirely with the Recommendation.		
Largely compliant (LC)	The objectives of the Recommendation have been met almost entirely and only negligible requirements have still to be implemented.		
Partially compliant (PC)	The most important requirements have been met. There are certain deficiencies that affect the implementation process, although this does not result in a situation where the Recommendation has not been acted on.		
Materially non-compliant (MN)	Requirements have only been fulfilled to a degree, resulting in significant deficiencies in the implementation.		
Non-compliant (NC)	Almost none of the requirements have been met, even if steps have been taken towards implementation.		
	Grading scale for inaction		
Sufficiently explained (SE)	A complete and well-reasoned explanation for the lack of implementation has been provided. If one or more of the sub-recommendations are intended to address a particular systemic risk that does not affect a particular addressee, this justification or explanation may be considered sufficient.		
Insufficiently explained (IE)	The explanation given for the lack of implementation is not sufficient to justify inaction.		

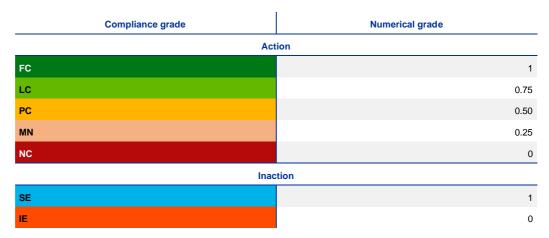
Step II

The compliance grades were subsequently converted into numerical grades (see Table 2).



Table 2

Conversion of compliance grades into numerical grades



Step III

The numerical grades were then weighted and aggregated into a single, overall numerical grade for compliance with the Recommendation. When allocating the weights, the AT took into consideration the importance of each element of the Recommendation in relation to the achievement of the policy objectives as outlined in Section 1 of this report. The final weights established by the AT are set out in Table 3.

Table 3
Weight of key elements

CCPs sub-recommendations	Weight
A(1)	10%
A(2)(i) point (a)	15%
A(2)(i) point (b)	15%
A(2)(ii)	10%
B(2)	15%
B(3)	5%
C(1)(i)	15%
C(1)(ii)	10%
C1(iii)	5%
CCPs sub-recommendations	Weight
A(3)	50%
C(2)	50%
CCPs sub-recommendations	Weight
A(4)	100%



Step IV

The final overall compliance grades were determined by converting the single numerical grades into a final grade for compliance using a conversion table (see Table 4).

Table 4

Conversion of numerical grades into compliance grades

Compliance grade	Numerical grade for Recommendation A
FC	<0.90 - 1.00>
LC	<0.67 - 0.90)
PC	<0.40 - 0.67)
MN	0.158 - 0.40)
NC	<0.00 - 0.158)

The level of compliance was then expressed in colour-coded form (see Table 5).

Table 5

Colour codes for levels of compliance

Positive grades	Mid-grade	Negative grades
FC – Actions taken fully implement the Recommendation		MN – Actions taken only implement a small part of the Recommendation
LC – Actions taken implement almost all of the Recommendation	PC – Actions taken only implement part of the Recommendation	NC – Actions taken are not in line with the nature of the Recommendation
SE – No actions were taken but the addressee provided sufficient justification		IE – No actions were taken and the addressee did not provide sufficient justification

2.1.3 Principle of proportionality

In accordance with Section 2(2) of the Recommendation "due regard should be paid to the principle of proportionality, taking into account the objective and the content of each recommendation". The relevance of the principle of proportionality required the AT to take into account the materiality and the nature of the risk targeted when assessing the responses submitted by the addressees in order to achieve the established policy objectives.

The "Handbook on the assessment of compliance with ESRB recommendations" sets out that "the principle of proportionality implies that an assessment takes account of the magnitude and the nature of the risk targeted when assessing the adequacy of the national framework intended to address the risk". Different levels of risk should be addressed by commensurate levels of mitigating measures. Therefore, considering the objectives and the content



of Recommendations A, B and C, when assessing the implementation of the Recommendation, the AT took into account the specificities of the analysed jurisdictions to reach reasonable conclusions about the actions taken by the NCAs, being especially mindful of the significant differences in the supervisory landscape for CCPs and clearing members throughout Member States.

The primary criterion when assessing the materiality of the Recommendation was whether the addressee had any CCPs or clearing members under its supervision. However, even in jurisdictions where no CCPs or direct clearing members were domiciled, the counterparties sub-recommendation could still have been relevant, as it touches on financial and non-financial counterparties entering into bilaterally cleared transactions. In these cases, the AT took into account the relative size of the jurisdiction and any reference made by the respondents to issues such as the low materiality of the bilaterally cleared OTC derivatives market or activity being well below the clearing thresholds. In certain cases, in order to obtain a higher level of certainty, additional quantitative evidence was required to justify the jurisdiction not taking any specific action to implement the Recommendation.

An institutional perspective was taken into consideration for jurisdictions that are under the scope of the Single Supervisory Mechanism. The European Central Bank (ECB), which is in charge of the direct supervision of Significant Institutions (SIs) in cooperation with the national supervisors, is an addressee of three sub-recommendations: A(3), A(4) and C(2). Therefore, the ECB carried out a qualitative and quantitative assessment based on the data collected from a large sample of SIs considered to be representative for clearing and client clearing. The national supervisory authorities were assessed by the AT according to their role as the direct supervisors of credit institutions that are considered to be Less Significant Institutions (LSIs). A significant number of national supervisory authorities invoked the principle of proportionality with respect to the remaining credit institutions considered to be LSIs, because, among other things, the volumes of their transactions were low, the share of their activity was small in comparison to the size of the domestic market and their systemic relevance in the jurisdiction was limited. Nonetheless, in most cases, the national supervisory authorities expressed a commitment to monitoring compliance with the Recommendation while performing their supervisory tasks.

In the assessment, the AT acknowledged that the implementation of the Recommendation should take into account the differences in the characteristics, complexity and size of the supervised entities in the given jurisdictions. As the sub-recommendations are not always tailored to fit the size and structure of the markets in each jurisdiction, the AT respectfully notes that a straightforward implementation might not yield the desired results, or could even be counterproductive, and fail to meet the objective of the Recommendation in the expected fashion. This is especially true for small and medium-sized jurisdictions, where most authorities nevertheless expressed a willingness to examine the possibility of implementing the sub-recommendations as comprehensively as possible, without placing an excessive burden on supervised entities.



2.2 Issues encountered by the AT

In the implementation of the methodology described in Section 2.1, the AT encountered a number of cross-cutting and specific issues.

First, several addressees of the Recommendation did not submit a reply or submitted joint replies with other authorities, which to some extent complicated the first step of the AT's work, which involved checking that all addressees had reported their actions or reasons for inaction as expected. One frequently given reason for not submitting a reply was that some authorities either chose to prepare joint responses with other authorities in their countries, or considered that their responses were covered by those provided by other authorities. Others failed to recognise themselves as addressees, especially in regard to the sub-recommendations addressed to the relevant competent authorities of clearing members, financial counterparties and non-financial counterparties. Lastly, a number of addressees were not aware of how various parts of the ESRB Recommendation applied to them, particularly that its scope extended beyond CCPs and clearing members to include all financial and non-financial counterparties to bilaterally cleared derivatives transactions and SFTs. The AT checked each case before the analysing the responses.

The second issue identified was the brevity of the responses submitted by some of the addressees, while others provided extensive analyses, even though they all used the same template. A number of responses were minimal, providing little or no substantive information. Huge discrepancies were observed in the information provided in response to the Recommendation not only among individual addressees, but also with respect to individual sub-recommendations. For example, in response to Sub-Recommendation A(1), some addressees stated that they had requested analyses of the performance of APC tools from the supervised CCPs, but did not provide any insight into the content and findings of these analyses. One respondent did not provide substantive information on the grounds of legal constraints related to confidentiality. These issues were later resolved, as the AT explained that the focus of its evaluation was not on confidential data, but on understanding the methodology and relevant findings of the analyses performed. In general, the lack of substantive information and/or the incompleteness of some responses triggered a need for extensive dialogue. The members of the AT contacted all the addressees concerned, asking them to provide the necessary information in order to conduct the assessment.

Another factor that contributed to the need for extensive dialogue in the course of the assessment process was the timeliness of the respondents' actions. In cases where no action was taken before 30 November and where the addressees indicated that they would take action in the future, the AT looked into the credibility of the proposed action plans and their related timelines. As a rule of thumb, action plans with deadlines before the end of 2021 were assessed more positively than those with deadlines after that date or with no specific implementation date.

Some of the specific issues encountered in the assessment of individual sub-recommendations proved to be intertwined. In particular, although Sub-Recommendations A(1) and A(2) were graded separately, respondents often provided information that was relevant for the first sub-recommendation as part of their response to the second, and vice versa. Sub-Recommendations B(2) and B(3) were also interconnected. The requirements of the latter could only be fully met in practice given compliance with the requirements of the former, which posed a challenge for the AT in terms of ensuring that the two were graded fairly.



Other sub-recommendations contained several largely independent aspects, which required each element to be assessed independently and separate grades to be given for each one.

These were Sub-Recommendations A(2) and C(1). For example, points (i), (ii) and (iii) of Sub-Recommendation C(1) had to be graded separately, as the vast majority of addressees took no action with respect to point (i), while they were fully or largely compliant with the requirements of points (ii) and (iii).

Some respondents invoked compliance with EMIR Level 1 and Level 2 requirements, as well as the relevant ESMA guidelines and opinions, as being equivalent to compliance with some of the sub-recommendations, in particular A(2), A(4) and B(2). The similarity between these sub-recommendations and the provisions of the respective EU regulations led some authorities to believe that the objectives of the former had been met simply by following the rules laid down in EMIR. The efforts made by the AT to point out the essential differences and explain how the ESRB Recommendation extends beyond the existing legal framework proved challenging and time-consuming. In this respect, compliance with EMIR requirements can only be considered as a first step or a necessary condition to ensure compliance with some of the sub-recommendations.

Another challenge faced by the AT was how to properly take into account the materiality of the risks resulting from derivatives market and SFT activity. The externalities resulting from significant market movements and the corresponding margin calls may jeopardise the stability of the financial system. However, the systemic relevance and the potential threat to financial stability vary greatly among individual jurisdictions, depending on the size, structure and complexity of their respective derivatives markets and markets for SFTs, among other factors. A number of respondents indicated that, due to the low levels of activity in those market segments, some specific actions mentioned in the sub-recommendations would be disproportionate and unnecessary. Therefore, the AT, also taking into account the principle of proportionality as explained in Section 2.1.3 of this report, had to analyse on a case-by-case basis whether the lack of action (or partial compliance) by addressees could have been due to a lack of sufficient material activity, which was usually accompanied by a request to provide quantitative evidence to substantiate this conclusion. In such cases, meeting the overarching objectives of the Recommendation would not require compliance with all individual sub-recommendations.

Lastly, the AT noted that the actions taken by some addressees with respect to Sub-Recommendation A(4) were clearly focused on derivatives, and they largely or completely neglected the fact that the scope also included SFTs and cash transactions.



3 Assessment results on compliance with the Recommendation

The overall assessment revealed a high degree of compliance with the Recommendation across all addressees. This section provides an overview of the overall assessment results for all addressees (3.1), as well as a more detailed breakdown of the grades awarded for each element of the Recommendation (3.2).

3.1 Overall grades of addressees

Tables 6, 7 and 8 below provide the overall compliance grades for CCPs sub-recommendations, clearing members sub-recommendations and the counterparties sub-recommendation, respectively, for each addressee. In addition to these grades, the addressee of Sub-Recommendation B(4) was assessed as fully compliant.

Table 6

Colour-coded table providing overall compliance grades for CCPs sub-recommendations

Addresses		OVERALL ASSESSMENT GRADE
AT	FMA	FC
BE	FSMA	SE
	NBB	SE
BG	FSC	SE
CY	CySEC	SE
CZ	CNB	SE
DE	BAFIN	FC
DK	FIN	SE
EE	FSA	SE
ES	CNMV	FC
FI	FSA	SE
	MoF	SE
FR	BDF	FC
	AMF	FC
	ACPR	FC
GR	HCMC	LC
HR	CNB	SE



⁹ See Annex II for a full description.

Addresses		OVERALL ASSESSMENT GRADE
HU	MNB	PC
IE	СВ	SE
IS	FME	SE
IT	Bdl	FC
	CONSOB	FC
Ц	FMA	SE
LT	LB	SE
LU	CSSF	SE
	CAA	SE
MT	MFSA	SE
LV	FCMC	SE
NL	DNB	FC
	AFM	SE
NO	FIN	SE
PL	KNF	FC
PT	CMVM	FC
SE	FI	LC
RO	ASF	SE
SI	ATVP	SE
SK	NBS	SE



Table 7

Colour-coded table providing overall compliance grades for clearing members sub-recommendations

AT FMA SE BE FSMA SE NBB SE SE BG FSC SE BNB SE SE CY CSEC SE BNB SE SE CYSEC SE SE MOF SE SE MOL SE SE DE BAFIN SE BUBA SE SE DK FIN LC EE FSA SE ES CMMV LC BUBA SE SE DC SFP SE SE FI FSA SE BUB SE SE BUB SE SE HAMF LC LC GR CB SE HCM AMF LC CDB SE SE HCM AMF SE CNB	Addre	essees	OVERALL ASSESSMENT GRADE
BG FSC SE BNB SE CY CySEC SE KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBB SE DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE MoF SE FR AMF LC GR CB SE HC CB SE HC CB SE HU MNB PC IE CB FC IA FME SE IS FME SE IC BdI SE IT BdI SE IVASS SE	AT	FMA	SE
BG FSC SE BNB SE CY CySEC SE KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FA SE MoF SE FR AMF LC ACPR LC GR CB SE HC ACPR LC GR CB SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IT BdI SE IT BdI SE IT BdI SE	BE	FSMA	SE
CY CySEC SE KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBBA SE SE DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IVASS SE		NBB	SE
CY CySEC SE KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBBA SE SE DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE MOF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IVASS SE	BG	FSC	SE
KTK SE		BNB	SE
MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBB SE DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FSA SE FSA SE FSA SE FFR AMF LC ACPR LC ACPR LC GR CB SE HCMC SE HU MNB PC IE CB FC PA SE IT BdI SE CONSOB SE IT EM CNB SE IT BdI SE CONSOB SE IT IT IT IT IT IT IT IT	CY	CySEC	SE
CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IVASS SE		ктк	SE
CZ CNB SE DE BAFIN SE BUBa SE DK Fin LC EE FSA SE ES CNMV LC BdE SE SE DGSFP SE SE FI FSA SE FR AMF LC ACPR LC C GR CB SE HCMC SE SE HCMC SE SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IT BdI SE IVASS SE		MoF	SE
DE BAFIN SE BUBA SE DK Fin LC EE FSA SE ES CNMV LC BdE SE SE DGSFP SE SE FI FSA SE MoF SE SE FR AMF LC ACPR LC C GR CB SE HCMC SE SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IVASS SE		MoL	SE
DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE MoF SE FR AMF LC ACPR LC C GR CB SE HCMC SE HCMC HR HANFA SE CNB SE HCM IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE	CZ	CNB	SE
DK Fin LC EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE MoF SE FR AMF LC ACPR LC C GR CB SE HCMC SE HCMC SE HCMC SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IVASS SE	DE	BAFIN	SE
EE FSA SE ES CNMV LC BdE SE DGSFP SE FI FSA SE MoF SE FR AMF LC ACPR LC C GR CB SE HCMC SE SE HHR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE CB SE IT BdI SE IVASS SE		BuBa	SE
ES	DK	Fin	LC
BdE SE DGSFP SE FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE CONSOB SE IVASS SE IVASS SE IVASS IVASS SE IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVASS IVAS	EE	FSA	SE
DGSFP SE	ES	CNMV	LC
FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE		BdE	SE
MoF SE		DGSFP	SE
FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE	FI	FSA	SE
ACPR LC		MoF	SE
GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE	FR	AMF	LC
HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE IT BdI SE IVASS SE		ACPR	LC
HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE	GR	СВ	SE
CNB SE		HCMC	SE
HU MNB PC IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE	HR	HANFA	SE
IE CB FC PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE		CNB	SE
PA SE IS FME SE CB SE IT BdI SE CONSOB SE IVASS SE	HU	MNB	PC
FME	IE	СВ	FC
CB SE IT BdI SE CONSOB SE IVASS SE		PA	SE
IT BdI SE CONSOB SE IVASS SE	IS	FME	SE
CONSOB SE IVASS SE		СВ	SE
IVASS SE	п	Bdl	SE
		CONSOB	SE
COVIP		IVASS	SE
		COVIP	SE



Addre	essees	OVERALL ASSESSMENT GRADE
ш	FMA	SE
LT	LB	SE
LU	CSSF	LC
	CAA	SE
MT	MFSA	LC
LV	FCMC	SE
NL	DNB	SE
	AFM	SE
NO	FIN	FC
PL	KNF	FC
PT	BdP	SE
	ASF	SE
	CMVM	SE
	GPEARI	SE
SE	FI	LC
	Bolagsverket	SE
RO	ASF	SE
	BNR	SE
SI	ATVP	SE
	BSI	SE
	AZN	SE
SK	NBS	SE
SSM	SSM	FC



Table 8

Colour-coded table providing overall compliance grades for the counterparties sub-recommendation

AT FMA SE BE FSMA SE NBB SE BG FSC SE BNB SE CY CySEC LC KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HC CB SE HC CNB SE HU MNB PC IE CB FC PA SE IS FME SE	Addre	ssees	OVERALL ASSESSMENT GRADE Rec A(4)
BG FSC SE BNB SE CY CySEC LC KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HC CNB SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE	AT	FMA	SE
BIG FSC SE BNB SE CY CySEC LC KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBA SE SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE	BE	FSMA	SE
CY CySEC LC KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE		NBB	SE
CY CySEC LC KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FM SE	BG	FSC	SE
KTK SE MoF SE MoL SE CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HCMC SE HCNB SE HU MNB PC IE CB FC PA SE IS FME SE		BNB	SE
CZ CNB SE CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HCMC SE HU MNB PC IE CB FC PA SE IS FME SE	CY	CySEC	LC
CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE FR AMF LC GR CB SE HCMC SE HR HANFA SE HU MNB PC IE CB EC PA SE IS FME SE		ктк	SE
CZ CNB SE DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HCMC SE HU MNB PC HU MNB PC IE CB FC PA SE IS FME SE		MoF	SE
DE BAFIN SE BUBA SE DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GCPR LC HCMC SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME		MoL	SE
DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE	CZ	CNB	SE
DK Fin LC EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC CB GR CB SE HCMC SE HCMC HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE	DE	BAFIN	SE
EE FSA PC ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE		BuBa	SE
ES CNMV LC BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE	DK	Fin	LC
BdE SE DGSFP PC FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE	EE	FSA	PC
FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE HU MNB PC IE CB FC PA SE IS FME SE	ES	CNMV	LC
FI FSA SE MoF SE FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE		BdE	SE
FR MoF SE AMF LC ACPR LC GR CB SE HCMC SE HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE		DGSFP	PC
FR AMF LC ACPR LC GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE	FI	FSA	SE
GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE		MoF	SE
GR CB SE HCMC SE HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE	FR	AMF	LC
HR HCMC SE HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE		ACPR	LC
HR HANFA SE CNB SE HU MNB PC IE CB FC PA SE IS FME SE	GR	СВ	SE
CNB SE HU MNB PC IE CB FC PA SE IS FME SE		HCMC	SE
HU MNB PC IE CB FC PA SE IS FME SE	HR	HANFA	SE
IE CB FC PA SE IS FME SE		CNB	SE
PA SE IS FME SE	HU	MNB	PC
PA SE IS FME SE	IE	СВ	FC
IS FME SE			
	IS		
			SE



Addre	essees	OVERALL ASSESSMENT GRADE Rec A(4)
п	Bdl	SE
	CONSOB	SE
	IVASS	FC
	COVIP	SE
u	FMA	SE
LT	LB	SE
LU	CSSF	LC
	CAA	PC
MT	MFSA	LC
LV	FCMC	LC
NL	DNB	SE
	AFM	PC
NO	FIN	LC
PL	KNF	FC
PT	BdP	SE
	ASF	FC
	CMVM	PC
	GPEARI	SE
SE	FI	NC
	Bolagsverket	SE
RO	ASF	SE
	BNR	SE
SI	ATVP	SE
	BSI	SE
	AZN	SE
SK	NBS	SE
SSM	SSM	FC



4 Main findings of the assessment of addressees' compliance with the Recommendation

Overall, the Recommendation was largely complied with, at least in relation to the provisions to be implemented by 30 November 2020. The results of the assessment show a certain degree of homogeneity across jurisdictions and concentration in some of them. CCP and bilateral clearing of derivatives appear to be material in some European jurisdictions and not to be a material concern in others. This helps to explain the very high number of "Sufficiently explained" grades that resulted from the assessment. The responses of the competent authorities were generally reassuring, only a few minor issues emerged and no points of potential systemic relevance were highlighted.

Despite the relatively high degree of compliance with the Recommendation, in the AT's opinion some issues deserve to be highlighted for the consideration of the General Board and further analytical and policy work may be warranted for some of them. In the area of central clearing, these relate to: (a) the evaluation of the performance of APC tools used by CCPs to determine their IM this evaluation, while generally positive, in a number of cases seems to be influenced by subjective factors and where quantitative metrics are used, there seems to be a very wide range of metrics used by different CCPs, (b) the implementation of APC tools with respect to client clearing despite the generally cautious approach adopted by large clearing members, the use of specific APC tools in client clearing appears to be lacking, (c) the inclusion in the liquidity risk stress test scenario of any two entities (not only clearing members) to which a CCP has liquidity exposure it appears from the responses that this approach is already largely being followed and this positive result seems to go beyond what is strictly prescribed by the current regulatory framework, and (d) recourse to the pass-through of intraday VM CCPs and their relevant NCAs seem reluctant to implement this measure.

Under Sub-Recommendation A(1), NCAs were requested to "seek to ensure that CCPs analyse the performance of their policies... during periods of acute stress and report their findings to their competent authority". In this respect, it must mentioned that no instances of poor performance by the APC tools required under Article 28 of Delegated Regulation (EU) No 153/2013 were reported. However, the analyses carried out by CCPs and/or their competent authorities seemed to focus more on compliance with the above-mentioned requirements or on the capability of clearing members and clients to smoothly meet margin calls, rather than the adherence of margin changes, where such changes occurred, to an established benchmark aimed at measuring the APC tools' performance. As one competent authority correctly pointed out, "... although the European Union is one of the few jurisdictions with a dedicated APC-framework, in our view it is yet to some extent unclear, which level of procyclicality is still 'acceptable' and how this is supposed to be measured....". In short, the responses to the sub-recommendation appear to highlight that the analyses carried out by CCPs and/or competent authorities reflected a certain degree of subjective judgement.



The AT respectfully leaves to future policy discussions the issue of whether or not the lack of an "acceptable" level of procyclicality, i.e. of a benchmark which CCPs should look to when fine-tuning their APC tools, raises concerns from a macroprudential standpoint, should the General Board decide to further pursue it. Nevertheless, the AT deems it useful to flag the diversity of approaches used by the CCPs (and competent authorities) to evaluate the APC performance of their tools.

Sub-Recommendations A(3) and A(4) recommended that competent authorities of clearing members and financial and non-financial counterparties engage with them to ensure that the application of risk management procedures does not result in sudden and significant changes and cliff effects in margin collection and collateral practices. Once again, no major issues were highlighted in the responses of competent authorities and clearing members and major counterparties appear to apply prudent risk management practices when providing clearing services or entering bilaterally cleared transactions. However, the specific use of APC tools was not mentioned, while in the bilateral clearing space, the reliance on SIMM, which has stable margin requirements, was mentioned. Further, many counterparties to bilaterally cleared transactions rely on cash collateral (rather than securities), in which case downgrades of credit ratings do not trigger procyclical reactions.

Against this background, the AT would flag that the competent authorities' responses confirm that the "bilateral domain" in the clearing ecosystem, when providing client clearing services or engaging in bilateral clearing, does not envisage the use of specific APC tools. It can therefore be assumed that clearing members apply at least the APC tools of the relevant CCP, but beyond this no specific APC tools were mentioned.

Under Sub-Recommendation B(2) competent authorities were requested to seek to ensure that the liquidity stress tests used by CCPs include the default of any two entities that provide services to the CCP and whose default could materially affect a CCP's liquidity position. This sub-recommendation is closely linked to Sub-Recommendation B(1), which is addressed to ESMA and requests a review the relevant RTS to include the default of any two entities in the liquidity stress tests carried out by CCPs.

On the positive side, the AT would like to highlight that on the basis of the competent authorities' responses it would seem that many CCPs already test their liquidity needs against the default of any two entities, as envisaged by the Recommendation.

Under Sub-Recommendation C(1) NCAs are requested to seek to ensure that CCPs identify initial and VM components of intraday margin calls separately, and consider collecting and paying out the VM component on the same day. The competent authorities' responses show that the intraday pass-through of the VM component has generally been opposed on the grounds of operational and risk management issues, and the measure has gained somewhat limited support. However, these operational and risk management issues were not substantiated. Some NCAs pointed out the possible advantages of current practices employed by some CCPs, according to which intraday margin calls can be met by providing non-cash collateral and collateral in different currencies, which might lessen the burden on clearing members. However, they did not explain how material these theoretical advantages are in practice.



In this respect, the AT would like to flag the reluctance of CCPs and competent authorities to the implementation of this potential measure – although the reported operational and risk management issues have not been substantiated. It would have been beneficial to request CCPs to discuss the topic with their clearing members in order to take their views into account.



5 Conclusion

Due to the high level of concentration of central clearing in the EU, which is reflected in a relatively small number of authorised CCPs and few large clearing members, the principle of proportionality applied to a large number of addressees. This principle was applied to account for the diverse supervisory landscape for CCPs, clearing members and their clients throughout EU Member States. The primary criterion when considering the materiality assessment of the Recommendation was whether the given addressee had any CCPs or clearing members under its supervision.

In the responses provided by the addressees, the AT encountered several issues that raised a need for extensive dialogue. In several cases responses lacked a sufficient level of detail. The comprehensiveness of the responses differed greatly between authorities – some were minimal, whereas other provided extensive information and data. Also, several addresses only took action after the reporting deadline.

The AT noted several specific issues in the interpretation of the sub-recommendations. First, in light of the nuances in the terminology used across individual sub-recommendations, on some occasions it was not clear whether certain provisions should be met by implementing them or by merely considering their implementation. Second, some respondents invoked compliance with EMIR Level 1 and Level 2 requirements, as well as the relevant ESMA guidelines and opinions, as being equivalent to compliance with some of the sub-recommendations, in particular A(2), A(4) and B(2). Lastly, the AT noted that actions taken by some addressees with respect to Sub-Recommendation A(4) were clearly focused on derivatives, largely or completely neglecting the fact that the scope also included SFTs.

Overall, for the provisions to be implemented by 30 November 2020, addressees were largely compliant with the Recommendation but several findings deserve further investigation.

- Sub-Recommendation A(1): the evaluation of this sub-recommendation was generally positive and most CCPs considered that there were no excessive procyclical effects, because clearing members and clients met margin calls without difficulty. However, the assessment also revealed the subjectivity of the concept of procyclicality, as there is currently no harmonised definition available or benchmarks which CCPs and competent authorities can use to assess whether a certain level of procyclicality is acceptable or not. From a macroprudential perspective, the AT would flag the importance of aiming for a common and objective understanding of this concept so as to avoid subjective approaches that are contingent on the specific situation. The AT respectfully suggests that further quantitative analyses of the procyclicality of margins and haircuts might be useful, particularly with a view to enhancing the objectivity of the concept of procyclicality.
- Sub-Recommendation B(2): the assessment revealed that most CCPs already include in their liquidity stress tests other entities that are not clearing members, such as liquidity providers and settlement banks. The AT would like to flag this outcome to ESMA, for its consideration.



- Sub-Recommendation C(1): it would appear that the pass-through of margins is not
 accepted by most CCPs and competent authorities due to operational and risk-related
 considerations. However, these concerns have not been substantiated by the NCAs.
- Sub-Recommendations A(3): the assessment revealed that client clearing is highly
 concentrated in the EU. The relatively few large clearing members that do provide these
 services are located in a handful of jurisdictions, which partially explains the substantial
 number of SE grades for Sub-Recommendation A(3). Also, there is limited procyclicality in the
 determination of margin requirements for clients of clearing members. The AT would like to
 flag this for further consideration from a policy point of view.
- The assessment resulted in a high number of SE grades, reflecting the principle of proportionality and the need to take into account the lack of materiality of the activity carried out in individual domestic derivatives markets in a number of jurisdictions. This demonstrates that the diversity among Member States may require, where possible, the calibration of provisions. The assessment revealed that some sub-recommendations were drafted to fit large CCPs and major market participants, but were not necessarily tailored for small CCPs or less sophisticated counterparties, if implemented in an inflexible way.



Annex I: Composition of the Assessment Team

(approved by the Advisory Technical Committee via Written Procedure ATC/WP/2020/052, 20 November 2020, and amended by Written Procedure ATC/WP/2021/005, 10 February 2021)

Chairperson	Institution
Pietro Stecconi	Banca d'Italia

Assessment Team	Insitution			
Cristina Di Luigi	Banca d'Italia			
Thomas Droll	Deutsche Bundesbank			
Jan Philipp Fritsche (until 31 December 2020)	European Central Bank			
Alexandre Garcia	Banque de France			
Mirko de Giovanni	European Central Bank			
Michał Konopczak	Narodowy Bank Polski			
Francesca Lenoci	European Central Bank			
Clément Rouveyrol	European Central Bank			
Adrián Sanz Romero	Banco de España			
Francesco Vacirca	European Central Bank			
Tibert Van der Loop (from 1 January 2021)	De Nederlandsche Bank			
Jakub Zaleski	Urząd Komisji Nadzoru Finansowego			

Secretariat	Insitution		
Ridha Sahli	ESRB Secretariat		
Aleksandra Granat	ESRB Secretariat		
Eugenio Toschetti	ESRB Secretariat		



Annex II: Compliance criteria and implementation standards

			Positive grades		Mid-grade		Negative grades	
		Fully compliant (FC) - Actions taken fully implement the recommendation	Largely compliant (LC) - Actions taken implement almost all of the	Sufficiently explained (SE) - No actions were taken but the addressee	Partially compliant (PC) - Actions taken only implement part of the	Materially non-compliant (MN) - Actions taken only implement a small	Non-compliant (NC) - Actions taken are not in line with the nature of the	Inaction insuffficiently explained (No actions were taken and the
		rully implement the recommendation	recommendation	provided sufficient justification	recommendation	part of the recommendation	recommendation	addressee did not provide sufficier
		competent authority has received	competent authority has received	competent authority demonstrates	competent authority confirms that	competent authority has received	competent authority requested	justification • competent authority did not take
		from CCPs an exhaustive report on	from CCPs a report on the	that it does not have legal	it has received from CCPs a report on	from CCPs a report on the	from CCPs a report on the	action and does not provide sufficie
		the performance of the relevant	performance of the relevant policies	competences to comply with the	the performance of the relevant	performance of the relevant policies	performance of the relevant policies	justification for its inaction.
		policies during periods of acute	during periods of acute stress. It	subrecommendation; or	policies during periods of acute stress	during periods of acute stress but the	during periods of acute stress but it	
	Analysis of the	stress.	provides some elements on this	 competent authority demonstrates 	but the report lacks several elements	report is largely uniformative.	did not receive it.	
	performance of CCPs'	The addressee provides substantial elements on the implementation of	report. However, the report lacks	that the subrecommendation is	and the competent authority	competent authority provides a generic commitment without any		
	policies during periods	elements on the implementation of the subrecommendation.	some minor elements.	factually irrelevant (e.g. no CCPs under its jurisdiction).	provides few elements. • competent authority explains that it			
		the saurecommendation.	competent authority demonstrates	competent authority holds its own	is committed to implement this	precise differine		
	reporting of findings Recommendation		that it has committed to implement	exhaustive analysis of the	subrecommendation but it either			
	A(1)		this subrecommendation in the near	performance of the relevant CCPs'	does not provide a precise date or			
			future (until end of Q2 2021	policies during periods of acute stress	provides a date which is not in the			
⋖			approximately) and provides a precise date for the future submission	based on its own monitoring system.	near future			
tion			of the report.					
mendation A			· · · · · · · · · · · · · · · · · · ·					
		Based on the information received	Based on the information received	competent authority demonstrates	 Based on the information received pursuant to Recommendation A(1). 	Based on the information received pursuant to Recommendation A(1).	Based on the information received	 competent authority did not take action and does not provide suffice
Secon		pursuant to Recommendation A(1), competent authority demonstrates.	pursuant to Recommendation A(1), competent authority demonstrates.	that it does not have legal competences to comply with the	competent authority demonstrates.	pursuant to Recommendation A(1), competent authority demonstrates to	pursuant to Recommendation A(1), competent authority failed to	action and ages not provide suffic justification for its inaction.
æ		in a comprehensive assessment, that	in an assessment, that the	subrecommendation: or	in an assessment, that the	a limited extent only, in an	demonstrate, in an assessment, that	justification for its maction.
		the implementation of the CCP's	implementation of the CCP's policies	 competent authority demonstrates 	implementation of the CCP's policies	assessment, that the implementation	the implementation of the CCP's	
	and a progressive approach in CCPs'	policies has not led to sudden and	had led to some sudden and	that the subrecommendation is	had led to some sudden and	of the CCP's policies had led to some	policies has not led to sudden and	
	models, parameters,	significant changes.	significant changes but appropriate	factually irrelevant (e.g. no CCPs	significant changes but actions are	sudden and significant changes and	significant changes.	
	policies and	 The addressee provides substantial elements on the implementation of 	action has been taken subsequently. • competent authority demonstrates	under its jurisdiction).	foreseen to deal with them. • competent authority explains that it	the actions that are foreseen are unlikely to deal with the sudden and		
		elements on the implementation of the subrecommendation.	 competent authority demonstrates that it has committed to implement 		 competent authority explains that it is committed to implement this 	unlikely to deal with the sudden and significant changes.		
			this subrecommendation in the near		subrecommendation but it either	competent authority provides a		
	Recommendation A(2)(i)		future (until end 2021		does not provide a precise date or	generic commitment without any		
	A(2)(I)		approximately), provides some		provides a date which is not in the	precise timeline		
			elements on the subrecommendation and a precise date for this future		near future			
			implementation.					
			Positive grades		Mid-grade		Negative grades	
		Fully compliant (FC) - Actions taken	Largely compliant (LC) - Actions	Sufficiently explained (SE) - No	Partially compliant (PC) - Actions	Materially non-compliant (MN) -	Non-compliant (NC) - Actions taken	Inaction insuffficiently explained
		fully implement the recommendation	taken implement almost all of the recommendation	actions were taken but the addressee	taken only implement part of the	Actions taken only implement a small	are not in line with the nature of the recommendation	No actions were taken and the
			recommendation	provided sufficient justification	recommendation	part of the recommendation	recommendation	addressee did not provide suffici iustification
		 Based on the information received pursuant to Recommendation A(1). 	 Based on the information received pursuant to Recommendation A(1), 	 competent authority demonstrates 	 Based on the information received pursuant to Recommendation A(1). 	 Based on the information received pursuant to Recommendation A(1). 	 Based on the information received pursuant to Recommendation A(1), 	competent authority did not take action and does not provide suffici
		pursuant to Recommendation A(1), competent authority reviewed that all	pursuant to Recommendation A(1), competent authority largely reviewed	that it does not have legal	competent authority partially			
		the relevant policies form a	that all the relevant policies form a	competences to comply with the subrecommendation: or	reviewed that all the relevant policies	competent authority reviewed to a limited extent only that all the	competent authority failed to review that the relevant policies form a	justification for its inaction.
					reviewed that all the relevant policies form a comprehensive approach that	limited extent only that all the relevant policies form a		justification for its inaction.
		the relevant policies form a comprehensive approach that limits procyclical features pursuant to the	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the	subrecommendation; or • competent authority demonstrates that the subrecommendation is	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant	limited extent only that all the relevant policies form a comprehensive approach that limits	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the	justification for its inaction.
		the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on	subrecommendation; or • competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on	justification far its inaction.
		the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements an procyclicality in Article 41 of	subrecommendation; or • competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction).	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	justification for its inaction.
	approach limiting the procyclaclity of	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction). competent authority demonstrates	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in	justification for its inaction.
	approach limiting the procyclaclity of CCPs'models,	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements an procyclicality in Article 41 of	subrecommendation; or • competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction).	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective.	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective.	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclial features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective.	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648,2012, in porticular in the event of downgrades of credit ratings, and have performed	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to ochieve this objective. The addressep crovides subsetting.	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicatily in Article 41 of Regulation (EU) No 648,2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. - competent authority demonstrative.	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction). competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from	reviewed that all the relevant policies form a comprehensive approach that limits, procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective competent authority explains that it	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in porticular in the event of downgrades of credit rotings, and have performed as intended to achieve this objective.	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. *The addressee provides substantial elements on the implementation.	that all the relevant policies form a comprehensive opproach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. - competent authority demonstrates that it has committed to implement	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procycleality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. + competent authority explains that it is committed to implement this	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclically in Article 41 off Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. - competent subtraity provides - competent subtraity - competent subtraity - competent subtraity	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to ochieve this objective. The addressep crovides subsetting.	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicatily in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. - competent authority demonstrates that it has committed to implement this subrecommendation in the near this subrecommendation in the near this subrecommendation in the near the subrecommendation in the near t	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. to competent automority explains that is committed to implement this undercommendation but it either.	imited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in porticular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. Competent authority provides a generic commitment without any	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. *The addressee provides substantial elements on the implementation.	that all the relevant policies form a comprehensive opproach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. - competent authority demonstrates that it has committed to implement	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procycleality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. + competent authority explains that it is committed to implement this	limited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclically in Article 41 off Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. - competent subtraity provides - competent subtraity - competent subtraity - competent subtraity	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for #ts inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. *The addressee provides substantial elements on the implementation.	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 4.3 of Regulators (EU) to 643/2012, in particular in the event of downgrades of credit ratings, and howe per furmed as intended to achieve this objective. that if has committed to implement this subrecommendation in the near future (pulled near the future (pulled near the procedure). Provides some elements on the elements on the elements on the	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of 2, in a particular in the event of downgrades of credit radings, and have performed as intended to achieve this objective. • competent authority explains that it is committed to implement this subrecommendation but it either does not provide a precise date or the construction.	imited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in porticular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. Competent authority provides a generic commitment without any	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. *The addressee provides substantial elements on the implementation.	that all the relevant polices form a comprehensive opproach that limits procyclical features pursuant to the regulatory requirements on procyclically in Article 41 of Regulation (FUL) 06-68/2012. In particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. • competent authority domonstrates that it has committed to implement this subrecommendation in the near future (until end 2021 approximately), provides some elements on the subrecommendations and a precise subrecommendations.	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulator requirements on procyclicality in Article 11 of Regulation (EU) to 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. • competent authority explains that it is committed to implement this it so committed to implement this does not provide a precise date or provides a date which is not in the	imited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in porticular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. Competent authority provides a generic commitment without any	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. *The addressee provides substantial elements on the implementation.	that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 4.3 of Regulators (EU) to 643/2012, in particular in the event of downgrades of credit ratings, and howe per furmed as intended to achieve this objective. that if has committed to implement this subrecommendation in the near future (pulled near the future (pulled near the procedure). Provides some elements on the elements on the elements on the	subrecommendation; or competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no CCPs under its jurisdiction) competent authority demonstrates that the necessity to preserve CCPs' financial resilience prevented it from complying with point (ib) of	reviewed that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulator requirements on procyclicality in Article 11 of Regulation (EU) to 648/2012, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. • competent authority explains that it is committed to implement this it so committed to implement this does not provide a precise date or provides a date which is not in the	imited extent only that all the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in porticular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. Competent authority provides a generic commitment without any	that the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of Regulation (EU) No 648/2012, in particular in the event of downgrades of credit ratings, and have performed	justification for its inaction.
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approximation for the dimits proxyclical features pursuant to the grapiditary requirement can in seguidate prejurement can in Regulation (IEU) No 648/2022, in particular in the event of downsprades of credit ratiogs, and have performed in strended to achieve of downsprades in strended to achieve the objective. "The addresses provides substantial "The addresses provides substantial the subrecommendation."	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the graphitary requirement on a regulatory requirement on a regulatory requirement on a regulatory requirement of homogrades of credit residue, and have performed of credit residue, and have performed as intended to achieve the objective. • competers authority demonstration is suitened to rediver the objective. • competers authority demonstration is suitened to rediver the objective. • competers authority provides some elements as the suitened control of the provides some elements as the suitened control of the provides and • for the full provides and • for the f	subsecommendation; or competent authority demonstrates that the subsecommendation in demonstrates that the subsecommendation in producing in record in general control of the control of t	reviewed that all the relevant policies from a comprehense personal that limits procyclaid features pursuant has limits procyclaid features pursuant to the regulation years process and p	imited extent only that all the relevant policies from evolution and the relevant policies from evolution flower provided feature procycled flower procycled fl	that the relocat polices form a comprehensive approximate that limits proxyclacle features pursuant to the graphilary requirems on a regulatory requirems on a Regulatoria (III) no 648/2022, in particular in the event of downgrades of credit entires, and have performed as intended to achieve this objective. *competent authority did not *competent authority did not	competent authority did not to
	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approach that limits procyclical features pursuant to the regulatory requirements on a procyclical pink a feature pursuant to the policy limit of the policy features pursuant to the policy features (1) to 46 of 20 o	that of the relevant policies from a comprehensive approach that limits proxyclicic features pursuant to the proxyclicic features pursuant to the proxyclicic features pursuant to the proxyclicic file. We delived for the features of the proxyclicic file. We delived for of credit rations, and how performed, of credit rations, and how performed in strended to achieve the objective. I comprehend that subtractive that what commendation in the near that what commendation in the near that what commendation in the near that what commendation in the near how the commendation in the proximal proximal proximal proximal proximal how the commendation and a precisi- tation of the future implementation.	subrecommendation; or competent submiring demonstrates that the submiring demonstrates had been submiring demonstrates had been submiring demonstrates had been submiring demonstrates from competing with post properties of general submiring demonstrates that the submiring demonstrates that the submiring demonstrates that demonstrates that demonstrates that demonstrates that demonstrates that demonstrates that demonstrates the submiring demonstrates that demonstrates that it does not have legal	reviewed that all the relevant policies from a comprehense personal that limits procyclical features pursuant limits procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of legislation (EU) limits 420/2012, in proticular in the event of drawing additional processing that the event of drawing additional to the event of the event authority explains that it is unknown commendation but it either some future event future event future event future. **Competent authority either already received or has put in place on new	limited extent only that all the reviewing paties from terreionis galactic from a comprehensive approach that films procycked feature presents on procyckedilly what requirements on procyckedilly what feet 4 or in socitation is not extended 4 or in socitation in the event of downgrades or ender extensive, only one professer or competent authority provides a generic commitment without any precise timeline.	that the relevant polices form a comprehensive approximate that limits proxycled features personate to the regulatory requirements on proxycledary in Article 41 of personate that policies (12) to 46 of 2012, spices per context entires, and one per formed as intended to achieve this objective. *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not received or has not put in place a new *competent authority did not *competent authority did not *co	*competent authority did not to action and does not provide sufficient
A COMPANY OF THE PROPERTY OF T	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approximation for the supervision of prospection for the supervision to the prospection prospection of prospection for the prospection of proportion (IV) No 648/2022, and prosticular in the event of downsprades of credit ratings, and have performed of credit ratings, and have performed in strended to other the objective. "The addresses provides substantial elements on the implementation of the subsection of the prospection of the subsection of contraction of contraction of promoved for proceeds prior CPS.	that of the relevant policies from a comprehensive approximate that the supervised features pursuant to the procycles features pursuant to the equilitary requirements on a requirement of the computation of the computation of the requirement (IVI) No 648/2022, as processing of credit resides, and have performed of credit resides, and have performed as intended to achieve the objective. • competent on alternative of the computation of the computati	subsecommendation; or competent authority demonstrates that the subsecommendation in demonstrates that the subsecommendation in producing in record in general control of the control of t	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant to the registation y requirements on procycliality in Article 4 of a particular in the event of downgrades of credit ratings, and have performed in credit ratings, and have performed is intended to achieve this objective. I competent authority explains that if it committed to implement this committed in the committed to the committe	limited extent only that all the received spelicies from ecomprehensive approach that limits procycled federar procycled forture procycled federar fe	that the relocate polices form a comprehensive approximate that limits procycled feature pursuant to the regulatory requirements on regulatory requirements on requirements (1) No 648/2021, and procedure in the result of downquired of credit ratings, and have performed as intended to achieve this objective. **Comprehensive this objective. **Comprehensi	competent authority did not to
recommendation A	approach limiting the procyclacity of CCPs'models, parameters, policies and procedures Point (b) of Recommendation	the relevant policies form a comprehensive approximation for the dimission procyclical features pursuant to the regulatory requirements on procyclically by Article 4.2 of procyclically by Article 4.3 of procyclical procycl	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the procycled features pursuant to the procycled programment on a procycled procycled features pursuant to proceed that the procycled features are to of credit resides, and have performed of credit resides, and have performed as intended to achieve of downsyndes of credit resides, and that procycled features that his subsection authority demonstrates this subsection mendation in the near that has commended to implement his subsection and precise date for this future implementation. • competent authority deliver directly exceeded or has put in since a new require reporting when they reduce exceeded or has put in since a new require reporting when they reduce the stopp of eligible collections, they require reporting when they reduce the stopp of eligible collections, they	sube commendation; or commendation; or competent authority demonstrates that the subercommendation is discretify referred by a new CPS and the subercommendation is discretify referred by the subercommendation of the subercommendation of the subercommendation discretified from completing with post presence CPs' financial or subercommendation A23(8). *competent authority demonstrates that it does not how tegal competences to competence with the discretified of the subercommendation of the sub	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant to the regulatory requirements on procyclialing in Article 41 of particular in the event of foundation of the control of the procyclial features of credit raings, and have performed in comprehense that objectives comprehense that of the comprehense	limited extent only that all the relevant policies from the relevant policies from the relevant policies from the revenue policies from the recognization of the regulation for the repulsation for the recognization for th	that the relocut polices form a comprehensive apport that limits procycled feature pursuant to the regulatory requirements on procycledary in Article 41 of procycledary in Article 41 of of credit ratings, and have performed as intended to achieve this objective. The completent authority did not received or has not put in place and received and received and received and received and received and received and received and received rec	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procyclacity of CCPs'models, parameters, policies and procedure Point (b) of Recommendation A(2)(i)	the relevant policies form a comprehensive approximation for the dimits proxyclical features pursuant to the apposition y requirement so of Regulation (INU) to 648,2002, in production in the event of downsprades of credit ratings, and have performed in strended to achieve the objective. The addresses provides unbiassified in the control of the comprehensive and the comprehensive the objective. The addresses provides unbiassified to the comprehensive provides and the comprehensive provides	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the applicative requirement of the Regulation (FU) no 648/2002, in procincian in the event of downsprades of credit relings, and have performed an intended to achieve the objective. As a terrelative control of the objective, and a started deviation in the near facilities of the start finds committed to implement that if has committed to implement that if has committed to implement that if the committed to implement and the process of the committed of the starte committed on the near facilities of the committed of the com- tended to the committed of the com- tended to the committed of the com- tended to the co	subsecommendation; or competent authority demonstrates that the subsecommendation in the control of the control	reviewed that all the relevant policies from a comprehense personal that limits procyclaid features pursuant has limits procyclaid features pursuant to the regulation y received most possible process from the process from the process for credit ratings, and have performed particular in the event of downgrades of credit ratings, and have performed as intended to achieve the objective comprehent authority explains that it is a intended to achieve the objective comprehent authority explains that it is a intended to achieve the objective received not be to describe provides a detay which is not in the intended to achieve the objective received or has put in place or new provides and the provi	imited extent only that all the relevant policies from economic procession and the second policies from economic procession and the second policies from economic procession and economic procession a	that the relocate polices form a comprehensive apposit that limits procycled feature pursuant to the graphilary requirement of regulatory requirement of Regulators (rel) than 648,2002, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. **Competent authority did not received or has not put in place a preserved to received from CCD in processors. The competence of processors are consistent of processors are consistent or the competence of processors. The consistent of processors are processors are processors. The consistent of processors are processors. The consistent processors are processors. The consistent processors pr	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procycladity of CPS models, or CPS models, parameters, policies and procedures Point (b) of Recommendation A(2)(i)	the relevant policies form a comprehensive approximation for the dimission procyclical features pursuant to the regulatory requirements on a procyclicative by Article 41 of a particular to the regulatory requirements on a procyclicative by Article 41 of a particular in the event of diovergendent of credit critique, and have performed of reader straige, and have performed as intended to achieve the adjective. "The addresses provides substantiation of decements on the implementation of the subrecommendation. **competent outhority either already received or has put in piloca a new framework to receive from CCPs are to receive from CCPs are some of explanation to receive from CCPs are some of explanation to receive from CCPs are some of explanation of the competence of the put in piloca a new framework to receive from CCPs are some of explanation of the competence of the put in piloca a new framework to receive from CCPs are some of explanation of the competence of the put in piloca a new framework to receive from CCPs are some of the competence of the pilocation of the competence of the pilocation of the competence of the pilocation of the pilocation of the competence of the pilocation of the pilocation of the competence of the pilocation of the pilocation of the competence of the pilocation of the competence of the pilocation of the pilocati	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the regulatory requirement on a procycledary in Article 41 of a particular in the control of diovarguedas of credit resides, and have performed of credit resides, and have performed a strended to achieve the objective. • competent authority demonstrates in the has committed to implement this subrecommendation in the near that it has committed to implement this subrecommendation in the near demonstration of the comprehensive and subrecommendations and a precise date for this future implementation. • competent authority deliver already received on his part in place a new framework to in credit plan (CPs).	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant to the regulatory requirements on procyclialing in Article 41 of Impagination (III). Die regulatory requirement on procyclialing in Article 41 of Impagination (III) and in Article and in Ar	imited extent only that all the reviewing placies from comprehensive approach that limits procycled pleature prosument to the regulatory requirements on Regulation (EU No 64/2012) in particular to the event of following roles and recommendation of the control of particular to the event of following roles as intended to achieve this objective. competent authority provides a generic commitment without any precise timeline • competent authority either already received or has put in place a new framework in precise from commitment without any precise timeline • competent outhority either already received or has put in place a new framework in process from consideration of provides and consideration of processing consideration of consideration of c	that the relower polices form a comprehensive approximate that limits procycled feature pursuant to the regulatory requirements on procycledary in Article 41 of procycledary in Arti	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procyclastity of CCP* models, parameters, policies and procedures Point (b) of Recommendation A(2)(i) Communication of information about the reduction of the reduction of the reduction of the reduction of the	the relevant policies form a comprehensive approximation for the comprehensive approximation for prospection for present to the support present the support present the present the support present the	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the requisitory requirement on a requisitory requirement on a requirement (III) No 648/2022, and processing of create ratings, and have performed an intended to achieve of downgodes of create ratings, and have performed as intended to achieve that objective. * compared authority demonstration as intended to achieve that objective. * compared authority demonstration as facture (united via 2022) approximately, provides some elements on the subsecommendations and a precise date for this future implementation. * Compared authority of the allowed and provides and a precise date for this future implementation. * Compared authority of the allowed and provides and an activity of the activity of received or has put in place a new properties authority of the activity of received or has put in place a new properties authority of the activity of received or has put in place a new properties authority of the activity of received or has put in place a new properties and provides and provides and provides and provides and provides and provides and provides and provides and p	subsecommendation; or competent authority demonstrates that the subsecommendation in the control of the control	reviewed that all the relevant policies from a comprehense personal that limits procyclial features pursuant limits, proceeding the process of credit ratings, and have performed or credit ratings, and have performed in controlled to all controlled to a feature pursuant limits, and the pursuant limits, and the controlled to a feature pursuant limits, proceeding the process of the pursuant limits, and the pursuant limits and and th	imited extent only that all the relevant policies from the relevant of downgrades of the relevant policies from the event of downgrades as intended to achieve this objective as intended to achieve this objective products as general to achieve this objective products as products and achieve the relevant products are relevant products and products and products are relevant products and products and products are relevant products are relevant products and products are relevant products are relevant products are relevant products and products are relevant products and relevant products are relevant prof relevant products are relevant products are relevant products a	that the relocate polices form a comprehensive apposit that limits procycled feature pursuant to the graphilary requirements on requilatory requirements on Requisition (III) No 648/2022, in proceedings of create entirely, and have performed as intended to achieve this objective. I see that the process of the comprehensive as intended to achieve this objective. I see that the process of the comprehensive comprehensive that the process of received or that and put in place a new received or that and put in place a processor to require reporting when they reduce to comprehensive they reduce to comprehensive they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they consider the copy that they consider the consideration in the copy that they considerate the copy that they considerate they conside	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procyclastity of CCP* models, parameters, policies and procedures Point (b) of Recommendation A(2)(t) Communication of information about the reduction of the scope of eligible	the relevant policies form a comprehensive approach that limits procyclical feature a pursuant to the regulatory requirements on a procyclically in Article 41 of Ingention (1) of the Propulsory requirements on a procyclically in Article 41 of Ingention (1) to 16 of 200 of 20	that of the relevant policies from a comprehensive approach that limits proxyclicle features pursuant to the proxyclicle features pursuant to the regulatory requirements on a proxyclicled by a Marcle 41 of a feature from the proxyclicled by a Marcle 41 of a feature from the proxyclicled by a Marcle 41 of a feature from the dispersion. I comprehensive that of credit radius, and have performed as intended to achieve the algocitive. I comprehensive that such commendation in the near that it has committed on implement that such commendation in the near that when the proxyclicle some such commendation and up recisive date for this future implementation. I comprehensive that the such as the proxyclicle proxycl	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits procyclical features pursuant limits, procyclical features pursuant to the regulatory requirements on procyclicality in Article 41 of legislation (III) to 45/2012, in place of credit radius, and have performed a situated for a scheder that objective. • competent submirity explains that it is untereded to achieve the objective. • competent submirity explains that it is committed to implement this subtrecommendation but it either some of the comprehense that the comprehense of the	limited extent only that all the reviewing patients from terrotom goldica from economychemic approach that limits procycled ploture presents on procycled ploture procycled ploture procycled ploture procycled procycle	that the relowest polices form a comprehensive approximate that limits proxyclical features pursuant to the regulatory requirements on proxyclically in Article 41 of plequitions (10) to leaf 907-207, purisual of credit estings, and how performed as intended to achieve this objective. **Competent authority did not received or has not put in place a new framework to receive from CE's require reporting when they reduce the scope of eligible collators, they they make they will be sockered to this objective. **The scope of the proximation of the scope of eligible collators, they they make they displace collators. **They make they will be concertation limits. Or: **In addition, comprehen authority.**	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procyclastity of CCP*models, perameters, policies and procedures and procedures and procedures AZ2(ti) Communication of Recommendation AZ2(ti) Communication of the scope of eligible collaters, the	the relevant policies form a comprehensive approximation for the comprehensive approximation for prospection for present to the support present the support present the present the support present the	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the requisitory requirement on a requisitory requirement on a requirement (III) No 648/2022, and processing of create ratings, and have performed an intended to achieve of downgodes of create ratings, and have performed as intended to achieve that objective. * compared authority demonstration as intended to achieve that objective. * compared authority demonstration as facture (united via 2022) approximately, provides some elements on the subsecommendations and a precise date for this future implementation. * Compared authority of the allowed and provides and a precise date for this future implementation. * Compared authority of the allowed and provides and an activity of the activity of received or has put in place a new properties authority of the activity of received or has put in place a new properties authority of the activity of received or has put in place a new properties authority of the activity of received or has put in place a new properties and provides and provides and provides and provides and provides and provides and provides and provides and p	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits procyclial features pursuant limits, proceeding the process of credit ratings, and have performed or credit ratings, and have performed in controlled to all controlled to a feature pursuant limits, and the pursuant limits, and the controlled to a feature pursuant limits, proceeding the process of the pursuant limits, and the pursuant limits and and th	imited extent only that all the relevant policies from the relevant of downgrades of the relevant policies from the event of downgrades as intended to achieve this objective as intended to achieve this objective products as general to achieve this objective products as products and achieve the relevant products are relevant products and products and products are relevant products and products and products are relevant products are relevant products and products are relevant products are relevant products are relevant products and products are relevant products and relevant products are relevant prof relevant products are relevant products are relevant products a	that the relocate polices form a comprehensive apposit that limits procycled feature pursuant to the graphilary requirements on requilatory requirements on Requisition (III) No 648/2022, in proceedings of create entirely, and have performed as intended to achieve this objective. I see that the process of the comprehensive as intended to achieve this objective. I see that the process of the comprehensive comprehensive that the process of received or that and put in place a new received or that and put in place a processor to require reporting when they reduce to comprehensive they reduce to comprehensive they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they reduce the copy of eighbor from CCPs regular reporting when they consider the copy that they consider the consideration in the copy that they considerate the copy that they considerate they conside	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procyclastity of CCP* models, parameters, policies and procedures Point (b) of Recommendation A(2)(t) Communication of information about the reduction of the scope of eligible	the relevant policies form a comprehensive approximation for the dimission procyclical features pursuant to the regulatory requirements on procyclically by Article 4.21 policy large procession of the procyclical procyclica	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the procycled of credit resides, and have performed of credit resides, and have performed this subsection authority demonstrates as the subsection authority demonstrates this subsection authority demonstrates this subsection authority demonstrates this subsection authority demonstrates this subsection authority demonstrates subsection authority desired superiorised selected for the paid subsection and a competent authority deliver already subsection and processed due for this future implementation. * competent authority deliver already subsection indict. * competent authority delivers already except of religion collectors the concentration indict. * of the college stabilished and week artists and preferation (ILI).	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant to the registation y requirements on procyclialing in Article 41 of particular in the event of the registation requirement on procyclialing in Article 41 of particular in the event of downgodes of credit range, and have performed in credit range, and have performed in credit range, and have performed in comparison of credit range, and have performed in comparison to the objective. I competent authority explains that it is subsectioned in the comprehense that in the next feature is a competent outhority explains that it is subsective in the public processes add the which is not in the next feature in the processes of the public processes and the public processes the concentration inflation.	limited extent only that all the relevant policies from terrolevan policies from terrolevan policies from terrolevan policies from terrolevan policies from terrolevant for the regulative yeardenient to the regulative yeardenient to the regulative yeardenient to the policies from the policy policies from the event of demargnates of context ratings, and these professions as intended to achieve this objective. Competents authority provides a generic commitment without any precede members of the policy from the provides and	that the relower polices form a comprehensive approximate the films procycled feature pursuant to the graphilary requirements on procycledary in Article 41,00 and procycledary in Article 41,00 and procycledary in Article 41,00 and procycledary in Article 41,00 and procycledary in Article 41,00 and of credit ratings, and have performed as intended to achieve this objective. **Competent authority did not removed to receive from CPD regular reporting when they relowed to some process of the procycle procycledary in Article 41,00 and processors to receive the concentration initials. On the concentration initials. On the concentration in Jerus 1991 and processors the concentration in Jerus 1991 and processors the receives the concentration initials. On the concentration initials. On the concentration in Jerus 1991 and processors the processor processors and processors and pr	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procycladity of CCP models, parameters, policies and procedures Point (b) of Recommendation of Information about the school of eligible material model feather and relation of collateral harvorts, the material decrease	the relevant policies form a comprehensive approximate form as possycholog feature pursuant to the applicative requirement on the policies of the event of downgodes of credit ratings, and have performed as intended to achieve the objective. The addresses provides substantial as intended to achieve the objective. The addresses provides substantial to a strended to achieve the objective. The addresses provides substantial to the objective of the objective objective of the objective of the objective of the objective objective of the objective objective of the objective objective of the objective object	that all the relevant paticins from a comprehensive approximate that its proxyclical features pursuant to the supplicitive requirement on a required prequirement on a Regulation (III) No 648/2022, in practicular in the event of downsprades of credit resigns, and have performed as intended to achieve the objective. I comprehen authority demonstration is entended to achieve the objective. I comprehen authority demonstration in subrecommendation in the near failure (Intelle and 2022) approximately, provides some dements on the subrecommendation in the near failure (Intelle and 2022) approximately, provides some dements on the subrecommendation and a precision does for the failure implementation. I comprehen authority deter adversally received or has put in place a new failure (Intelle and Intelle and Intelle and failure (Intelle and Intelle and Intelle failure (Intelle and Intelle and Intelle and failure (Intelle and Intelle and Intelle failure (Intelle and Intelle and Intelle failure (Intelle and	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits procyclial features pursuant limits procyclial features pursuant limits procyclial features pursuant to the regulatory recipient and the regulatory recipient process of credit ratings, and have performed process of credit ratings, and have performed as intended to achieve the objective. I comprehens authority explains that it is a tended to achieve the objective. I comprehens authority explains that it is a tended to achieve that objective the objective control of the objective. I comprehens authority explains that it is a tended to achieve the objective control of the objective contr	imited extent only that all the relevant polices from evolvent polices from you found in the relevant polices from you feel feeture provided feeture	that the relocate polices form a comprehensive apposit that limits proxyclical features pursuant to the graphilary requirement on requirements on Regulation (III) no 648/2022, in particular in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. **Competent authority did not received or has not put in piece a new formers of the received or has not put in piece a received or has not put in piece a preserved to received from CCPs regular respecting when they receive preserved to receive from CCPs regular respecting when they receive they make the preserved in the preserved occurrenting institutes a large to the preserved ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in piece ** In addition, competent authority data teligiam or plus in the ** In addition, competent authority data teligiam or plus in the ** In addition, competent authority data teligiam or plus in the ** In addition, competent authority data teligiam or plus in the ** In addition or ** In additi	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procyclating of procyclating of COP models, parameters, policies and procedures Point (b) of Recommendation of Recommendation of Recommendation of Information about the procedure of the Point (b) of Recommendation of Information about the procedure of the Information about the procedure of the Information about the procedure of the Information and Information (collection), the material modification of collecteral hostic the material decrease of the Contracted Information (collection), the material decrease of the Contracted Information (collection) and the Information (collection) and the Information (collection) and Informa	the relevant policies form a comprehensive approximation for the diministration of the end of credit rations, and have performed of credit rations, and have performed as intended to achieve the abjective. "The addresses provides substantial or the end of the diministration of the subrecommendation." - competent outhority either already received or has put in places a new plannesses to receive from ECPs and the diministration of the subrecommendation. - competent outhority either already received or has put in places a new plannesses to receive from ECPs are store of eligible collection, they materially exceeded in the put of the diministration in the concentration limits. - In addition, competent authority either informary planness of legislation (EU) to 648/2012 of yearch thomps.	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the regulatory requirement on a procycledary by Article 41 of a particular in the process of disorgandess of credit relations, and have performed of credit relations, and have performed of credit relations, and have performed in the comprehensive of disorgandess of credit relations, and have performed this subre-commendation in the near that it has committed to implement this subre-commendation in the near dements on the subre-commendation in the near dements on the subre- dition of the near the concentration limits.	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant to the regulatory requirements on procyclialing in Article 41 of Impagestion (III). Who explains that the procyclial features are procyclialing in Article 41 of Impagestion (III). Who explains that it is settled to a better discognized of credit radius, and have performed as intended to achieve this objective. I competent authority replains that it is committed to implement this subsection outprovides a present date or promotion is allow which is not in the near feature. • competent authority either obready exceeded in his put in place a new framework in the credit for the put in place a new framework in the credit of the put in place a new framework in the credit of the put in place a new framework in the credit of the put in place a new framework in the credit of the put in place a new framework in the credit of the put in place a new framework in the credit of the put in place a new framework in the place and the put in the place and the put in a place and the put in a place and the put in a distinct, competent authority either informer plans its information of the put in the	imited extent only that all the reviewan places from terrotrom policies from terrotrom ter	that the relower polices form a comprehensive approximate to the processor for the comprehensive approximate to the processor form of the comprehensive and processor form of the comprehensive and processor form of the comprehensive and of create ratings, and have performed as intended to achieve this objective. The comprehensive and the comprehensive comprehensive and the comprehensive the comprehensive and processor form of the comprehensive conservation in this comprehensive processor form of the comprehensive form and the comprehensive form of the comprehensive f	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the processing approach limiting the processing of CCP models, parameters, policies and procedures and procedures. Point (b) of Recommendation A 423(i) of Recommendation about the reduction of the suspension about the reduction of the material decrease of colleges about the reduction of the material decrease of challenges and colleges of the concentration limits.	the relevant policies form a comprehensive approximation for the comprehensive approximation for the proximation of the prograditory requirements on the proximation of the comprehensive and proximation of the very discovered of credit ratings, and have performed as intended to outhers of downspredes of credit ratings, and have performed as intended to outher the objective. The addresses provides substantiation of the proximation of the proximation of the object of the proximation of the object of the proximation of the p	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the requilitory requirement on a required programment on a required programment on a required programment of the requirement of required programment of the requirement of credit residence of downspredes of credit residence of downspredes of credit residence of downspredes of credit residence of downspredes of credit residence of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the pursuant of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirem	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant limits, procyclial features pursuant to the registative present personal process of the registative process of the registative process of the registation in the event of downgrades of credit ratings, and have performed as intended to achieve this objective. I competent submirity explains that it is committed to adjust the objective committed with process of the registation of the committed to adjust the objective committed to adjust	imited extent only that all the relevant policies from the comprehensive approach that limits are comprehensive approach that limits are conjugated policies and conjugated policies are the event of downgrades as intended to achieve this objective comprehens allowing provides as intended to achieve this objective, comprehensive allowing provides as intended to achieve this objective, comprehensive allowing provides as intended to achieve this objective comprehensive allowing provides as intended to achieve this objective comprehensive and provides and and achieve a	that the relower polices form a comprehensive apposit that limits procycled feature pursuant to the graphilary requirements on requirely requirements on requirely requirements on Requirely requirements on Requirements (II) No 648/2022, in processing the processing of processing the processing of processing the comprehensive this objective. **Competent authority did not received or has not put in place a new received or has not put in place a processing the received or has not put in place a received or has not put in place a received or has not put in place a received or has not put in place received or has not put in place and not received ** In addition, competent authority **	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the procysicity of procysicity of COS*models, parameters, policies and procedures and procedu	the relevant policies form a comprehensive approximate to proceed that limits procycled policies pursuant to the procycled policies pursuant to the procycled policies pursuant to the procycled policies and policie	what of the relevant policies from a comprehensive approach that limits procycled policies pursuant to the procycled policies pursuant to the procycled policies pursuant to the recycled policy and policies of developed and processing and processing and processing and processing and processing and processing and processing and processing and processing and that it has committed to implement the state of the processing and processing and processing and processing and processing and processing and processing and processing and processing and processing and processing and processing and processing and processing and and processing and processing and	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense perposch that limits procyclaid features pursuant has limits procyclaid features pursuant to the regulation version of the regulation version of the regulation version of the regulation relevant to the regulation relevant to the regulation relevant to the regulation pursuant to the regulation of the relevant to the regulation of the relevant to the relevant feature and relevant to the relevant feature to the relevan	imited extent only that all the relevant policies from the first comprehensive approach that limits recovered policies from the comprehensive approach that limits are comprehensive approach that limits are comprehensive approaches the comprehensive approaches the comprehensive approaches the control of bumprades of order transpa, and been performed or order transparent with event of downgroads or comprehensive and the control of bumprades or comprehensive authority provides a general commitment without any precise timeline and the comprehensive authority either already received or has put in piece a new properties and the comprehensive authority either already received or has put in piece and the comprehensive authority either already received and has put in piece and the comprehensive authority either already in the comprehensive authority decrease the concernation in the comprehensive decreases the concernation in the comprehensive decreases the concernation and the comprehensive decreases the comments of the college established under Arrice Let 3 of Regulation (EU). Not appeared extensive and conserved comments of the college established under Arrice Let 3 of Regulation (EU). Not according to the conserved comments are colleged to be a conserved comment.	that the relower polices form a comprehensive approximate the proxylical features personnel to the proxylical features personnel to the proxylical features personnel to the proxylical features for proximate and proximate an	*competent authority did not to action and does not provide sufficient
Recommendation A	approach limiting the processing approach limiting the processing of CCP models, parameters, policies and procedures and procedures. Point (b) of Recommendation A 423(i) of Recommendation about the reduction of the suspension about the reduction of the material decrease of colleges about the reduction of the material decrease of challenges and colleges of the concentration limits.	the relevant policies form a comprehensive approximation for the comprehensive approximation for the proximation of the prograditory requirements on the proximation of the comprehensive and proximation of the very discovered of credit ratings, and have performed as intended to outhers of downspredes of credit ratings, and have performed as intended to outher the objective. The addresses provides substantiation of the proximation of the proximation of the object of the proximation of the object of the proximation of the p	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the procycled features pursuant to the requilitory requirement on a required programment on a required programment on a required programment of the requirement of required programment of the requirement of credit residence of downspredes of credit residence of downspredes of credit residence of downspredes of credit residence of downspredes of credit residence of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the pursuant of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirement of the requirem	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant limits, procyclial features pursuant to the registative present personal process of the registative process of the registative process of the registation in the event of downgrades of credit ratings, and have performed a strended to achieve this objective. I competent submirity explains that it is committed to adjust the objective committed with process of credit ratings, and have performed to committed to adjust the objective of the objective objective objective of the objective objectiv	imited extent only that all the relevant policies from the comprehensive approach that limits are comprehensive approach that limits are conjugated policies and conjugated policies are the event of downgrades as intended to achieve this objective comprehens allowing provides as intended to achieve this objective, comprehensive allowing provides as intended to achieve this objective, comprehensive allowing provides as intended to achieve this objective comprehensive allowing provides as intended to achieve this objective comprehensive and provides and and achieve a	that the relower polices form a comprehensive apposit that limits procycled feature pursuant to the graphilary requirements on requirely requirements on requirely requirements on Requirely requirements on Requirements (II) No 648/2022, in processing the processing of processing the processing of processing the comprehensive this objective. **Competent authority did not received or has not put in place a new received or has not put in place a processing the received or has not put in place a received or has not put in place a received or has not put in place a received or has not put in place received or has not put in place and not received ** In addition, competent authority **	*competent authority did not take oction and does not provide saffic
Recommendation A	approach limiting the procysicity of procysicity of COS*models, parameters, policies and procedures and procedu	the relevant policies form a comprehensive approach that limits procycled features pursuant to the regulatory requirements on procycledary by Article 4.2 of procycledary prequirements on procycledary by Article 4.3 of procycledary prequirements on procycledary by Article 4.3 of procycledary procycledary procycledary and procycl	that of the relevant policies from a comprehensive approximate the supervised for the supervised that the procycled features pursuant to the supervised and of credit resides, and have performed of credit resides, and have performed in subsection authority demonstrates as intereded on other of domingrades in this subsection authority demonstrates in this subsection authority demonstrates in this subsection authority demonstrates in this subsection authority demonstrates of this subsection authority desired some elements on the subsection authority desired some elements on the subsection authority desired already subsection authority desired already subsection authority desired already subsection authority desired already subsection initia. **Competent authority of the college established for conference the concentration initia. **Desired features are found on the pro- members of the college established for college established and are subsection and authority when of propriets and pro- members of the college established for the college established and are subsection. **Support of the college established and are subsection and authority and pursuant and authority demonstrates that it has commissed on implement that it has commissed on implement and subsections—and of the college established in the near supportional propriets and pro- pagarous methylation (SL).	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense personal that limits, procyclial features pursuant limits, procyclial features pursuant to the registation y requirements on procyclialing in Article 41 of a particular in the second of credit range, and have performed a procession of credit range, and have performed in commentation but it either subsections and the procession of the comprehense that which is not in the near future of the competent and processing and proc	imited extent only that all the relevant policies from the comprehensive approach that limit are comprehensive approach that the comprehensive approach that are comprehensive approach that are comprehensive approach to the comprehensive approach as intended to achieve this objective, comprehensive approach as intended to achieve this objective, comprehensive approach as intended to achieve this objective, and approach are comprehensive and approach are considered, and approach are considered, and approach and approach approach and approach approach approach and approach	that the relower polices form a comprehensive apport that limits procycled feature pursuant to the regulatory requirements on regulatory requirements on requirements of regulatory requirements on requirements (1) No 648/2021, and processes of for crist ratings, and have performed as intended to achieve this objective. The crist of the comprehensive as intended to achieve this objective. The crist of the comprehensive received or but not put in place a received or but not put in place a received or but not put in place and promoved to receive from CCPs require reporting when they reduce the scape of eligible collective! they materially modify collectoral hierarch was comprehensive. The concentration of the college established under Article and telleform or plan to helping the college established under Article and the college established under the college established under the college established under the college established under the college established under the comprehensive to the college of the college established under the comprehensive to the college of the college of the college of the college of the college of the college of the college of the comprehensive the the comprehensive the the comprehensive the comprehensive the the comprehensive the comprehensive the	*competent authority did not take oction and does not provide saffic
Recommendation A	approach limiting the procysicity of procysicity of COS*models, parameters, policies and procedures and procedu	the relevant policies form a comprehensive approximation for the dimension procession for the dimension procession for the dimension procession for the dimension procession for the appealance of the discourage of the discourage of credit resides, and have performed a strended to achieve the objective. The addression provides unbination of the discourage procession of the discourage	that of the relevant policies from a comprehensive approach that limits procycled features pursuant to the graphilary requirement of supplicitive programment of Regulations (IEU) no 648/2022, in procincular in the event of downsprades of credit radius, and have performed an intended to achieve the objective. In a strended to achieve the objective, which is a strended to achieve the objective, which is the committee to implement what it has committeed to implement what it has committeed to implement and for this future implementation. I comprehent admitting these already received or has put in place a new promoved to receive from CCVs the comprehent committee in the comprehent of the committee of the comprehent of the comprehent of the comprehent of the comprehent of the comprehent of the comprehent of the comprehent of comprehent of the comprehent of the	subercommendation; or competent submitted in the competent submitted from the competent su	reviewed that all the relevant policies from a comprehense paymach that limits procyclaid features pursuant limits from a comprehense process and the regulation y received in the regulation y received in the process of credit ratings, and have performed process of credit ratings, and have performed as intended to achieve the objective. *comprehens althority explains that it is attended to achieve the objective. *comprehens althority explains that it is attended to achieve the objective. *comprehens althority explains that it is attended to achieve the objective that the objective is comprehensed authority explains that it is a transfer of the objective in the o	imited extent only that all the relevant policies from economic processor and the first processor from the first processor from the cent of downgrades of order trategy, and for the cent of downgrades or considerable and the processor from the cent of downgrades or competent authority provides a competent authority provides a great processor from the cent of the processor from the process	that the relower polices form a comprehensive apport that limits procycled feature pursuant to the regulatory requirements on regulatory requirements on requirements of regulatory requirements on requirements (1) No 648/2021, and processes of for crist ratings, and have performed as intended to achieve this objective. The crist of the comprehensive as intended to achieve this objective. The crist of the comprehensive received or but not put in place a received or but not put in place a received or but not put in place and promoved to receive from CCPs require reporting when they reduce the scape of eligible collective! they materially modify collectoral hierarch was comprehensive. The concentration of the college established under Article and telleform or plan to helping the college established under Article and the college established under the college established under the college established under the college established under the college established under the comprehensive to the college of the college established under the comprehensive to the college of the college of the college of the college of the college of the college of the college of the comprehensive the the comprehensive the the comprehensive the comprehensive the the comprehensive the comprehensive the	*competent authority did not to action and does not provide suffi



			Positive grades		Mid-grade	I	Negative grades	
		Fully compliant (FC) - Actions taken fully implement the recommendation	Largely compliant (LC) - Actions taken implement almost all of the	Sufficiently explained (SE) - No actions were taken but the addressee provided sufficient justification	Partially compliant (PC) - Actions taken only implement part of the recommendation	Materially non-compliant (MN) - Actions taken only implement a small	Non-compliant (NC) - Actions taken are not in line with the nature of the	Inaction insuffficiently explained (IE) No actions were taken and the
		relevant competent authority	recommendation • relevant competent authority	competent authority demonstrates	relevant competent authority	part of the recommendation • relevant competent authority	recommendation • relevant competent authority does	addressee did not provide sufficient justification • relevant competent authority did
Recommends tion A	Clearing member risk-management procedures. Suddiand significant changes and cliff effects in magic alla/collection and collateral price. Recommendation A(3)	thoroughly assessed that the existing procedure are objective, evidence- based, disclosed to clients and implemented giving clients sufficient warning periods and therefore them warning periods and therefore them or no elements of discretional changes to the agreed conditions. In addition, relevant competent authority carried an comprehensive review of the risk amanagement procedures of the cleaning members in and established that they are in and established that they are		that it does not have legal competences to competence as the competence	partially assessed that the existing procedure are objective, evidence-based, disclosed to clients and imperented price of the standard and imperented price in sufficient warring periods and therefore there impered to the process of the standard standards to the agent conditions. In addition, relevant competent in addition, relevant competent in addition, relevant competent of the risk management procedures of	sussest of so limited extent only that the existing procedure or objective, evidence-based, disclosed to clients sufficient survivage proofs and sufficient survivage proofs and sufficient survivage proofs and sufficient survivage proofs are sufficient survivage proofs conditions. It is disdison, relevant competent surfamily curred a superficial review of the risk management procedure of the cities of the control of the conditions. The condition of the control of the control of properties and proportionate. The viriew leads however several elements. Competent authority provide a generic commitment without any precise timelies.	on provide evidence that is a cation and the constraint of the constraint procedure are objective, evidence based, dischaefe foolenst and implemented giving clients and improved them are not externate and discretional changes to the age and authority does not provide undersee that in action left or review of the authority does not provide undersee that in action left or review of the country implement and extendible that they are proportionate. The review lasts however some elements.	not take extion and does not provide sufficient justification for its inaction.
٠	Financial and non financial countreparties ris management procedure & sudd and significant changes and cliff effects in magic calls/collection and collected practicic Recommendation A(4)	with existing regulation or past practices and that there were no discretional deviations from the contract. • The addressee provides substantia in	relevant competent authority largely assessed that contracts are in place, that they follow the procedure which is composible with existing regulation or past practices and that there were no discretional deviations from the contract. - competent authority demonstrates that it has committed to implement this subrecommendation in the near future (and lead 2021 agreements) provides some elements on the implementation of the subrecommendation and a precise data for this future implementation of the subrecommendation and a precise data for this future implementation.	competent authority demonstrates that it does not have legal competences to comply with the subseccommendation or exception of the competent authority demonstrates that the subrecommendation is factually irrelevant (e.g. no financial and non-financial counterparties under its jurisdiction). competent authority demonstrates (with quantitative evidence, if with quantitative evidence, if with quantitative evidence, if action or the law absence of action or the law popuration of the population of the populati	* relevant competent authority parallely assessed that contracts are in place, that they follow the procedure which is compatible with existing regulation or past practices and that there were not discretional deviations from the contract. • competent authority explains that it is committed to implement this ubecommendation but either does not provide a precise date or provide a precise date or provide a deviation of the contract.	relevant competent authent by assessed to a limited content authent by that contracts are in a place, that they follow the procedure which is competible with existing regulation or past practices and there were no discretional deviations from the contract. Competent authority provides a generic commitment without any precise timeline.	 relevant competent authority does not provide evidence that is action led to an assessment on whether the controls are in place, that they follow the procedure which is compabile with existing regulation or past practices and that there were no discretional deviations from the controct. 	relevant competent authority did not take action and does not provide sufficient justification for its inaction.
		Fully compliant (FC) - Actions taken fully implement the recommendation	Positive grades Largely compliant (LC) - Actions taken implement almost all of the recommendation	Sufficiently explained (SE) - No actions were taken but the addressee provided sufficient	Mid-grade Partially compliant [PC] - Actions taken only implement part of the recommendation	Materially non-compliant (MN) - Actions taken only implement a small part of the	Negative grades Non-compliant (NC) - Actions taken are not in line with the nature of the recommendation	Inaction insufficiently explained (IE) - No actions were taken and the addressee did not
	Inclusion of the default any two entities that provide services to the c and whose default con materially affect the liquidity provision of if CCP in the trees cenara Recommendation 8(2)	consider in their liquidity stress tests the even of the default of any two entities that provide services to the CCP and whose default could materially affect the liquidity position of the CCP (such entities could incide the liquidity or entities provider service providers, settlement service provider or any other service providers whose default doubt possibly affect the liquidity position of	 Lossephine authority, discount trains and it has unwhered an important this sudve-commendation in the energ future function and 2022 aggreementary provides come elements and an implementation of the comments and an implementation of the provides and the provides and the provides future implementations. 	uniformation of authority, ferromaticals in that if we are for the again confidence to comply until the subsectionmentation of a completer authority commencation in the subsectionmentation of completer authority mensionations that the subsectionmentation is flutnessly invitewent (e.g. and CCFs action) is production;	**competer of admitty, relability that it is committed to implement of the product of the control of the contro	recommendation. Transporter administrative provides a generic mentioned without any process threshold	COx consider in their liquidity stress tests the water of the distal of any two entities that provide services to the CCX and whose difficult more of the liquidity provides and provides services to the CCX and whose difficult more difficult on the liquidity provides liquidity services provides, settlement service providers are any defend could possibly affect the liquidity posteron of the service providers whose definite could possibly affect the liquidity posteron of the liquidity posteron of the consideration and the analysis of the country of amprecises at all with the consideration and the liquidity posteron of the analysis of the liquidity posteron of the analysis of the liquidity posteron of the analysis of the liquidity posteron of the analysis of the liquidity posteron of the liquidity posteron of the analysis of the liquidity posteron of the liquidity posteron of the liquidity posteron of the liquidity liq	* compared authority did not not not existing and dates and provided sugficient justifications for its mentions.
Recommends from 8	CCh' remedial action adressing liquidity short 8 additional burder on cleaning members in 8th of market stress Recommendation 8(1)	Where necessary, Competent authority has verified that CCPs have entered into	+ 162) must be fulfilled Interpretate advocation has assisted that the CCPs remained authors to address any shortful fulfilled and the second of the control o	**(E) must be afgliouring equipment. **(E) must be afgliouring equipment. **(E) must be afgliouring equipment and the first does not have legal competences to comply with the valence of the competent and there is a final competent and the properties of the properties and the properties of the properties and the properties of the properties and the properties	* #20] was to fulfilled. * relivant comprehent calcularly has partially assussed that #2 CPs* remedial cations to the control of the CPs* remedial cations to the control of the	* (2) must be fulfilled. * Competent authority has assissed that the CCPs remainded authority has assissed that the CCPs remainded authority to address any shortfulf fulfilled authority to address and support of the competence of the co	4.02) must be inflitted. - competent underholfs has not essessed that the CCV remedial actions to address any that CCV remedial actions to address any that could be competed to the country of the country that the country of the	 composition conditioning did next take as tisses and the condition and provides sufficient justifications for its researcher.
	Conditions (Specific particular p	ESSM demonstrates that it is, in a support of the company of the control of the c	** I FOM demonstrates that it is earnested as a comparation with comparation and tracks, as the comparation with comparation and tracks, as with relevant and tracks as that countries a such demonstrates as that countries a demonstrate as a register than contributed to country the comparation of the countries of the countries and the adjusted of any parameters and the countries and the countries of the countries of parameters and the countries of the countries of the countries of the countries of the countries of the countries of the countries of parameters and the countries of the countries of the countries of the countries of the countries of the countries of the countries of the countries of the countries of the countries of the countries of the countries of the the countries of the coun	State date on compression the unconsementation but provine adequate and commentation but provine adequate and commentation to provine adequate and commentation to the commentation of the commentation of the commentation of the commentation of commentation of com	** CRAM demonstrates that it is assemblated, as increased and an approximate the control of the	Fill Charge (since that is to committed to, to programme on the interpret of advances, the control of the control of the control of the since is control of the control of the control of the con	* EBM date on growthe ordinary that it is a supplying with the substratemental transmission of the substratement o	* ESBA die not due caste en de dons no grande dell'exemple production per la section.
			Positive grades Langely compliant (LC) - Actions taken	Sufficiently explained (SE) - No actions were	Mid-grade	Materialy non-compliant (MN) - Actions taken	Negative grades	
		implement the recommendation	implement almost all of the recommendation competent authority demonstrates that it	taken but the addressee provided sufficient sustification - competent outhority demonstrates that it	mplement part of the recommendation competent authority explains that it is	only implement a small part of the recommendation competent authority provides a generic	ine with the nature of the recommendation The competent authority does not	tractions insuminounity explained (e.g No actions were taken and the addressee did not provide sufficient justification • connectent outbooks did not take action and
	CCP's margin calls and collection & unnecessar liquidity constraints for clearing members Recommendation C(1)	The competent authority assisted that CCPs descript sparsely as a considered possible and a realized appoints, and pay out the latter on the same discripts and payed and that are on the same definessee provides substantial eliments on the implementation of the substantial or the substantial s	has committed to implement this	does not have legal competences to comply with	 compelation dushmity explains that if a committed to implement that justice commendation but it entitler does not provide a precise labe or provides a date which is not in the near future 	completed authority provides a generic correnistment without any precise timeline	The completed authority does not demonstrate that it assessed that CCPs dentify apparately the margin covering posterial is realized exposures, and pay out the latter on the same day	 - Comprise the authority and not take action and those not provide sufficient justification for its inaction.
	CCP's margin calls an collection & unnecessi legadity constraints, Collection classing members Recommendation C(1)	The competent authority assessed that CCPs gravitate the sea of excess collered over collecting additional margin price and the control margin and titional margin in the adjustment of the discusses provides substantial elements on the amplementation of the youthercommendation.	Completed authority demonstrates that It has committed to implement this subercommendation in the near future (and 2021 appreciately) provides used 2021 appreciately) provides used identition to the implementation of the Lubercoccamisation and a provise date for this future implementation.	competent authority demonstratives that it also see hat he implement on comply with the subrocommendation; or comply with the subrocommendation; or competent authority demonstrations that the subrocommendation is factually in relevant (e.g., not CCPs under it a pruniformal). • competent authority demonstrations that it competent authority demonstrations that it competent authority demonstrations have competent authority demonstrations that competent authority demonstrations have been approximately affect the CCP's financial resilience and/or is not operationally possible with the competence of the	competent authority explains that it is committed to implement this jude committed to implement this jude committed to implement this jude committed to jude committed to the provide a precise factor of provides a provide and other which is not in the near future	Competent authority provides a generic corresisment without any precise timeline	The completed authority does not demonstrate that it assessed that CCDs prioritize the use of excess collateral over collecting additional margin	 competent authority did not take action and does not provide sufficient justification for its mection.
Recommendation C	CCP's margin calls and collection & unnecessar legisdiny constraints for clearing members: Recommendation C(1)	The competent authority sessent the CCV precise for collecting manying sides are cressful excessive operational constructions for their excessive operational constructions for their clustering members. The addressive provides subdistrated elements on the experimental on of the subdivision of the	competent authority demonstrates that It has committed to implement this subsecommendation in the near future (und and 2012 approximately), provides some elements on the implementation of the subseccemendation and sproise date for this future implementation.	 comparent authority demonstrates that it does not have legic competences to comply with the subrocommendation; or comparent authority demonstrates that the subrecommendation is factually in relevant (e.g., or CCPs under it a jurnification). competent authority demonstrat stess that implementating the recommendation in would engatively affect the CCP's financial resiliance artificial is not operationally possible 	 competent authority repaires that it is committed to imprement this juder commendation but it either does not provide a provise date or provides a date which is not in the near future 	Competent sufforthy provides a generic corresisment without any precise timeline	the completed authority does not demonstrate that is assessed that CCD' process for collecting margins does not result in excessive operational constraints for their clearing members.	 competent authority did not take action and does not provide sufficient justification for its enection.
	Clearing mambers "mar animal collection & animal collection & animal collection of the constraints for their clear Recommendation CD	The computed adulturily necessed that if a cleaning member point left was of a cleaning member point left for and of secrets individual modifies are collecting distillated and produced the collection of the analysis of the collection of the colle	Comparison of the Communication shall be a committed to implement this studencement date in the name future (confidence of the communication in the name future (confidence of the confidence of	compacts a silvering demonstrate that it is considered to the compact of the comp	examples for administry resistant that it is a quantitated to implement and the control of the judice commentation that it is other dates need provided the provided set as other which a most of the provides as other which a most do that many feature.	competent authority provider agreeme, commentment without any precise transferse commentment without any precise transferse	The conspected softwing date and elementaries that is executed that. 30 dearing members provision has used of a construction of the construction o	- sumperior and making by the first table antition and down one provides sufficiently justification for its execution.



Imprint

© European Systemic Risk Board, 2021

Postal address 60640 Frankfurt am Main, Germany Telephone +49 69 1344 0 Website www.esrb.europa.eu Website www.esrb.europa.eu

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

For specific terminology please refer to the ESRB glossary (available in English only).

PDF ISBN 978-92-9472-247-8, doi:10.2849/516386, DT-CN-21-003-EN-N