European Commission

# CAPITAL MARKETS UNION:

## A path towards a stronger EU clearing system

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### Why do we need these new rules?

A safe, robust, efficient and attractive clearing system in the EU is essential for a well-functioning Capital Markets Union.

If clearing does not function properly, financial institutions, companies and investors face more risks and higher costs – as the 2008 financial crisis showed.

The EU is overly reliant on non-EU central counterparties (CCPs) for some derivatives deemed systemic by ESMA.

For instance at the end of 2020, one of the UK-based CCPs cleared more than 90% of the volume of Over-The-Counter Interest Rates Derivatives denominated in euro.

The new rules will ensure financial stability in the EU.

### What will the Commission's proposals change?

The proposed amendments will in particular:

**Improve the attractiveness of EU CCPs** by, for example, shortening the approval process for offering new services to 10 working days instead of up to 2 years in certain cases.

**Enhance the resilience** of the clearing system considering recent developments on energy markets by further enhancing the existing supervisory framework.

**Reduce excessive reliance** on third-country CCPs, strengthening the EU's open strategic autonomy, by requiring all relevant market participants to hold active accounts at EU CCPs for clearing at least a portion of certain derivative contracts.

## What are the benefits?

### EU CCPs

Being able to quickly bring new products to the market, which will enable them to meet the demands of clearing members and clients faster.

### Clearing members

Extended, faster clearing offers by EU CCPs means they will have more choices as where to clear.

### Clients

More transparency, choice and increased competition.