Call for advice to the EBA for the purposes of the review of own funds requirements for exposures to central counterparties

The Commission is currently considering whether to amend the rules on own funds requirements for institutions' exposures to central counterparties (CCPs) which are laid down in Articles 300 to 311 of Regulation (EU) No 575/2013 and in Articles 50a to 50d of Regulation (EU) 648/2012 in view of the changes to internationally agreed standards. To inform its decision, the Commission seeks technical advice from the EBA. In particular, the Commission seeks information on the impact of adopting the abovementioned final framework on EU institutions.

Context

The abovementioned provisions represent the EU's implementation of the internationally agreed framework for determining capital requirements for exposures to central counterparties adopted by the Basel Committee on Banking Supervision (BCBS) in April 2012.¹ That framework was amended by the BCBS in July 2014.² Specifically, the amendments concerned the treatment of both trade exposures and default fund contributions to qualifying CCPs (QCCPs). The treatment of exposures to non-qualifying CCPs was left unchanged.

Scope

We would be grateful if the EBA could provide us with all elements considered relevant to work on the Commission's decision on the implementation of the amended international framework. To be more specific, the EBA is invited to provide us with information on the impact of that framework on own funds requirements for exposures to CCPs of EU institutions. It is also invited to provide the Commission with its views on the appropriateness of implementing the amended framework in EU law.

Data collection

The EBA is requested to collect all data and information that it deems necessary in order to formulate its advice and to include sufficient evidence in its advice in order to underpin its recommendations. The information collected by the EBA should cover, at the very least, the following elements:

(a) the impact on own funds requirements for trade exposures to EU and third-country CCPs;

¹ See http://www.bis.org/publ/bcbs227.pdf.
² See http://www.bis.org/publ/bcbs282.pdf.
(b) the impact on own funds requirements for default fund contributions to EU and third-country CCPs.

The EBA should, at the very least, collect the data that were sent by EU institutions to the BCBS and provide the Commission with descriptive statistics based on that data (sample sizes, averages, etc.).

Final considerations

The Commission would appreciate if the EBA would also report on any relevant issues or inconsistencies that competent authorities in the EU may have identified in the implementation of the rules related to own funds requirements for exposures to CCPs. Suggestions on how to rectify the identified issues and inconsistencies would be welcome.

The Commission is aware that time and resource constraints may restrict the range of analysis methodologies to be used by the EBA in certain aspects of the Call for Advice. Should this be the case, the EBA should highlight these limitations in its final report.

It is recalled that the analysis provided will not prejudge the Commission's final decision. Moreover, in accordance with the established practices of the Commission Expert Group on Banking, Payments and Insurance, the Commission will continue, where appropriate, to consult the experts appointed by the Member States in the preparation of its proposal.

| Deadline to reply to this call for advice: | 1 June 2016 |

Contact: Sebastijan Hrovatin