



# SPOTLIGHT ON MARKETS

DECEMBER 2021 & JANUARY 2022 N°30

## Central Counterparties – a closer look

Final reports on CCP recovery regime  
Consultation on CCP anti-procyclicality measures  
Assessment of systemically important UK central counterparties

### FINAL REPORTS ON CCP RECOVERY REGIME

The seven Final Reports cover proposals for RTSs on the methodology for calculation and maintenance of the additional amount of pre-funded dedicated own resources.

### PUBLICATIONS

Your one-stop-shop information source in the world of EU financial markets brings together the latest reports, proposals and statements.

### THE MONTH AHEAD

The speaking appearances of ESMA staff in February cover topics like Financial Innovation, Sustainable Finance, Capital Markets Union and Financial Education.

# IN THIS ISSUE

After a short break, the newsletter is back with twice the amount of news. Central Counterparties take the spotlight as we take a close look at the seven [Final reports on CCP recovery regime](#), [Consultation on CCP anti-procyclicality measures](#) and the [Assessment of systemically important UK central counterparties](#).

In addition, we relive the highlights from the [ESAs high-level conference on financial education and literacy](#) and draw your attention to the [Joint ESAs thematic repository](#) on financial education and digitalisation initiatives of National Competent Authorities (NCAs) that consists of more than 120 initiatives across the banking, insurance, pension and investment sectors.

Another area not to be missed is [Cross-border distribution of investment funds](#). ESMA is increasing the transparency of marketing requirements and regulatory fees and charges for cross border distribution of funds and makes available [a list with links to all the national websites](#) where this information can be found.

Other key topics in December include the [appointment of Erik Thed en as the Vice-Chair](#), the [Statement clarifying the practical implementation of the EU CSDR settlement discipline regime](#) and [Reports on derivatives and securities markets in 2020](#).

In January, the focus turned to ESMA's new role as a supervisor of [benchmarks and chair of EURIBOR college](#), the [Call for evidence on distributed ledger technology \(DLT\)](#), the [Common Supervisory Action with NCAs on the valuation of UCITS and open-ended Alternative Investment Funds](#), [Guidance on appropriateness and execution-only requirements under MiFID II](#) and the [Statement clarifying how to report net short positions between 28 and 31 January 2022 when the reporting threshold changes from 0.2% to 0.1%](#).

A full overview of all publications can be found in the newsletter, together with information on next month's speaking appearances of ESMA staff, consultations closing in February and vacancies. For updates, follow us on [Twitter](#) and [LinkedIn](#).

## ESMA IN DECEMBER & JANUARY

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# Final reports on CCP recovery regime

On 31 January, ESMA issued **Final Reports on the central counterparties (CCPs) recovery regime**, as mandated under the **CCP Recovery and Resolution Regulation (CCPRRR)**.

The seven Final Reports cover proposals for Regulatory Technical Standards (RTSs) on the methodology for calculation and maintenance of the additional amount of pre-funded dedicated own resources, on the factors to be taken into account by the competent authority and the supervisory college when assessing the recovery plan and on the recompense mechanism for non-defaulting clearing members. It also covers Guidelines on the consistent application of the triggers for the use of Early Intervention Measures, on the CCP's recovery plan indicators and scenarios and on the restrictions of dividends in case of a significant non-default event.

ESMA's RTSs and Guidelines provide further specifications of the CCPRRR, such as, for example, the Guidelines covering scenarios and

indicators provide the building blocks aimed to guide the CCPs in establishing the relevant suitable scenarios and indicators. The overarching goal of this package is to further assist the preparedness of the market and to ensure CCPs can restore their financial soundness, without any extraordinary public financial support, and allow them to continue to provide critical functions following a significant deterioration of their financial situation or in a situation of financial distress.

## Next steps

ESMA has submitted the Final Reports concerning the RTSs to the European Commission which now has three months to decide whether to endorse the proposed standards under a Delegated Regulation.

Once the Guidelines are translated into all official languages of the EU, ESMA will focus on the consistent application of the Guidelines by national competent authorities and CCPs where applicable.

# Consultation on CCP anti-procyclicality measures



On 27 January, ESMA launched a **consultation paper** to review the **European Market Infrastructure Regulation's (EMIR) requirements on anti-procyclicality (APC) margin measures for central counterparties (CCPs)**.

ESMA is seeking input from stakeholders on a potential review of its Regulatory Technical Standards (RTS) with the aim of harmonising the existing APC margin measures for CCPs as well as specific anti-procyclicality tools. The deadline for responses to the consultation paper is 31 March 2022.



The turmoil in global markets following the onset of the COVID-19 pandemic in 2020 has been a live test of the operational resilience of CCPs and the adequacy of their regulatory and supervisory framework. This has prompted us to re-examine our anti-procyclicality tools.

Our Consultation Paper sets out proposed amendments to the EMIR RTS that aim to further harmonise CCP policies on margin changes as well as the use of anti-procyclicality margin tools across the EU. The proposals result from in-depth research and stakeholder engagement and we believe that, if implemented, they will strengthen the resilience of the EU financial system as a whole.

**Nicoletta Giusto**  
Independent Member of the CCP SC









# Results of ESMA's assessment of systemically important UK Central Counterparties



On 17 December, ESMA published a **Statement and Report on the conclusions from its assessment of Tier 2 Central Counterparties (CCPs) established in the United Kingdom (UK)**.

The Report identifies three clearing services, one provided by LCH Ltd and two by ICE Clear Europe Ltd, as being of substantial systemic importance for the European Union's financial stability and posing risks that may not be fully mitigated under the current EMIR regulatory framework. It concludes that the costs and risks of derecognising these services would outweigh the benefits to the EU at this time. The Report includes four sets of policy measures as a response to identified risks and vulnerabilities relating to systemically important UK CCPs serving European market participants.

## ESMA's proposed measures include:

-  Considering appropriate incentives for reducing the size of EU exposures to Tier 2 CCPs
-  Revising the comparable compliance framework
-  Expanding ESMA's supervisory and crisis management toolbox
-  Enhancing cooperation with UK authorities on CCP recovery and resolution



CCPs are at the heart of the financial system. Clearing services provided to EU market participants by non-EU CCPs continue to be important for European financial markets. As a result of our comprehensive assessment, ESMA does not recommend that the European Commission derecognise the UK-based Tier 2 CCPs or their services at this time. However, we propose measures that aim to strengthen our approach to systemically important third country CCPs and contribute to the ongoing stability of EU financial markets.

**Verena Ross**  
Chair



ESMA, following a comprehensive assessment, has formulated a range of measures that should be considered by relevant bodies as a response to the identified weaknesses and vulnerabilities. These measures include considering appropriate incentives for reducing the size of EU exposures to Tier 2 CCPs, reviewing the EMIR framework for comparable compliance, expanding ESMA's supervisory and crisis management toolbox and enhancing cooperation with UK authorities on CCP recovery and resolution.

The objective of ESMA's assessment was to determine the risks posed by the two systemically important UK CCPs to the financial stability of the EU, or one of its Member States, as well as to consider the costs, benefits and consequences of a potential decision not to recognise the CCP or some of its clearing services, as required by Article 25(2c) of EMIR.

ESMA's findings will also provide important input to the European Commission's decision regarding the extension of its temporary equivalence decision for UK-based Tier 2 CCPs in early 2022.

**Klaus Löber**  
Chair, CCP Supervisory Committee



# Financial education and literacy: a priority for the ESAs



The European Supervisory Authorities (ESAs) – EBA, EIOPA and ESMA, held their first **joint high-level conference on financial education and literacy** on 1 and 2 February 2022. The conference gathered high-level government representatives as well as experts from public authorities, academia, NGOs, consumer associations and the industry to raise awareness of this important topic. It also offered a forum to share ideas and best practices and to gather input from all the stakeholders on how to tackle future challenges.

The conference was opened by H.M. Queen Máxima of the Netherlands, in her capacity as the United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGSA), and Mairead McGuinness, EU Commissioner for Financial services, Financial Stability and Capital Markets Union.

In their respective addresses, both H.M. Queen Máxima and Commissioner McGuinness highlighted the need to make financial literacy a priority and to create an ecosystem that supports the financial resilience and financial health of today’s youth, especially by building up financial awareness.

They considered this to be particularly crucial in the wake of the Covid-19 pandemic, which has exposed the financial vulnerabilities of individuals and households across developed and developing countries, and widened the gap between the financially resilient and the financially fragile.

The event, which was lived streamed and recorded, saw the participation of over 300 people.

All the proceedings of the conference are available on the **ESAs’ respective conference pages**.





Supporting citizens' engagement and trust in the financial system in Europe will help us build the Capital Markets Union. People who are financially literate are more likely to understand, ask the right questions and take advantage of possibilities provided by capital markets. But financial education by itself is not enough – we also need strong investor protection requirements, to ensure fair treatment of and good support, and where necessary high-quality advice, for all customers.

Digitalisation is rapidly transforming financial services. From the way in which customers and financial firms interact with each other, to the way in which financial products and services are being designed and manufactured. Covid-19 has further contributed to this trend. Digital technology has also changed the way financial education needs to work and creates different communication means with retail customers.

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**Verena Ross**  
Chair



### **Joint ESAs thematic repository on financial education and digitalisation initiatives**

**On 31 January, the three European Supervisory Authorities (EBA, ESMA and EIOPA) published a Joint ESAs thematic repository on financial education and digitalisation initiatives of National Competent Authorities (NCAs), with a specific focus on cybersecurity, scams and fraud. The repository contains 127 national initiatives that provide consumers with helpful information on how to improve their financial literacy.**

The Joint ESAs thematic repository focuses on cybersecurity, scams and fraud and consists of more than 120 initiatives across the banking, insurance, pension and investment sectors.

Most initiatives are addressed to consumers in general, although some target specific groups of consumers, such as retail investors, elderly people, students, children/young people, families or other particular groups such as journalists and mass media representatives. Some of the initiatives that NCAs have launched build on the increased importance of social media and “influencers” as sources of information and promoters of investment platforms.

The thematic repository will be used to prepare a joint ESAs thematic report on financial education to be published later this year.





# Information on Cross-border distribution of investment funds

The UCITS Directive and the AIFMD grant the cross-border passport across the Union for the marketing of UCITS and AIFs. In the context of the development of a Capital Markets Union, a Directive and a Regulation on the cross-border distribution of funds were adopted with a view to facilitating the marketing of UCITS and AIFs throughout the Union. The cross-border distribution legislative package empowers ESMA to develop several technical standards, guidelines, reports and to publish information on its website to ensure the transparency of the rules governing the marketing requirements and regulatory fees and charges applicable in each Member State, as well as to help investors know the offer of investment funds available for marketing in their Member State.

## Transparency of marketing requirements and regulatory fees and charges

National competent authorities must publish on their websites up-to-date and complete information on the national laws, regulations and administrative provisions governing marketing requirements in their jurisdiction, as well as a summary of these requirements. In addition, they must also publish the list of regulatory fees and charges they levy in relation to the cross-border activities of fund managers. In order to facilitate access to this information by stakeholders, ESMA publishes on its website the [list of hyperlinks](#) to the websites of competent authorities where the complete and up to date information is published, along with the full text of the summaries, and the list of hyperlinks to the webpages of competent authorities where the list of regulatory fees and charges is published.

# PUBLICATIONS



Click to read the news items

**31** ESMA publishes Final  
Reports on CCP recovery  
regime  
Jan

**27** ESMA consults on CCP  
anti-procyclicality  
measures  
Jan

**31** ESMA starts supervision of  
benchmarks and assumes  
chair of EURIBOR College  
Jan

**27** ESAs welcome ESRB  
Recommendation on a pan-  
European systemic cyber  
incident coordination  
framework  
Jan

**31** ESAs publish thematic  
repository on financial  
education and  
digitalisation initiatives  
Jan

**27** ESMA consults on the  
review of MiFID II  
suitability guidelines  
Jan

**28** New Q&As available  
Jan

**26** ESMA requires to report  
net short positions  
between 0.1% and 0.2%  
during transition  
Jan

**28** Opinion on the trading  
venue perimeter  
Jan

**26** ESMA appoints two new  
members to its  
Management Board  
Jan

**28** CP on revision to ESMA's  
guidelines and  
recommendations on the  
scope of the CRA  
Regulation  
Jan

**20** ESMA launches a Common  
Supervisory Action with  
NCAs on valuation of  
UCITS and open-ended  
AIFs  
Jan

**18** 2021 report on accepted  
market practices under  
MAR  
Jan

**7** ESMA seeks investor  
protection and  
intermediaries experts for  
stakeholder panel  
Jan

**7** ESAs publish list of  
financial conglomerates for  
2021  
Jan

**5** Guidelines on delayed  
disclosure under MAR  
Jan

**4** Call for evidence on  
distributed ledger  
technology  
Jan

**3** Guidance on  
appropriateness and  
execution-only  
requirements under MiFID  
II  
Jan

**17** Results of its assessment of  
systemically important UK  
Central Counterparties  
Dec

**17** ESMA calls to deprioritise  
buy-in supervision  
Dec

**17** ESMA reports on  
derivatives and securities  
markets in 2020  
Dec

**17** New Q&As available  
Dec

**16** Annual Report on waivers  
and deferrals  
Dec

**16** ESMA issues statement on  
supervision of the clearing  
and derivative trading  
obligations following the  
benchmark transition  
Dec

**15** Report on Expected Credit  
Loss disclosures of banks  
Dec

**15** Erik Thedéen appointed  
Vice Chair of ESMA  
Dec

**14** Statement on transfer of  
competences and duties  
relating to certain data  
reporting services  
providers from NCA's to  
ESMA  
Dec

**10** 2021 ESEF XBRL taxonomy  
files and ESEF  
conformance suite  
Dec

**1** Announcement of  
upcoming publication  
aimed at CSDs  
Dec

**1** The ESAs renew their  
Board of Appeal  
Dec



# SPEAKING APPEARANCES

by ESMA staff in February

	EVENT	ORGANISER	SPEAKER
1 Feb	Climate Regulation Summit	City & Financial Global	Julien Mazzacurati
1-2 Feb	Joint ESAs high-level conference on financial education and literacy	European Supervisory Authorities	Verena Ross, Chair
9 Feb	6th Annual Conference on FinTech and Digital Innovation	Afore Consulting	Verena Ross, Chair
11 Feb	Politico Finance Summit 2022	Politico	Verena Ross, Chair
17 Feb	European Financial Forum	Government of Ireland/ Financial Times	Verena Ross, Chair
23-25 Feb	Eurofi High Level Seminar 2022	Eurofi	Verena Ross, Natasha Cazenave, Klaus Löber
28 Feb	"Women in Economics and Finance: Debate on the next challenges in the EU"	European Parliament	Verena Ross, Chair



# CONSULTATIONS



Closing



18/02/22

Consultation on Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP)

The full list of consultations and reply forms can be found on the [ESMA consultations page](#)





# OPEN VACANCIES

## POSITION

## DEADLINE

Senior Policy &  
Convergence Officer  
(Securitisation Profile)

21/02/22

Team Leader - profile:  
Post-trading and integrity

28/02/22

Traineeship notice –  
Legal profile (F/M)

Open call  
(without a specific deadline)

Traineeship notice –  
Transversal profile (F/M)

Open call  
(without a specific deadline)

Traineeship notice -  
Financial Markets Profile  
(F/M)

Open call  
(without a specific deadline)

All open vacancies can be found on [ESMA's recruitment portal](#)



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