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PRESS RELEASE

ESCB/ CESR consult on draft recommendations for central counterparties as amended for OTC derivatives

The European System of Central Banks (ESCB) and the Committee of European Securities Regulators (CESR) have published today the document entitled “Draft recommendations for central counterparties as amended for OTC derivatives” for public consultation, in the context of the joint work being undertaken by the ESCB and CESR in the field of securities clearing and settlement.

On 3 June 2008 the Economic and Financial Affairs Council of the European Union (ECOFIN Council) invited the ESCB and CESR to adapt and finalise the ESCB-CESR “Recommendations for securities clearing and settlement in the European Union” as soon as possible. On 23 October 2008 the ESCB and CESR launched a public consultation on the revised recommendations (see: <http://www.cesr.eu/index.php?docid=5363>), which ended on 23 January 2009.

In the meantime, in view of the financial stability risks posed by the growing scale of over-the-counter (OTC) derivatives exposures, and in particular credit derivatives exposures, the ECOFIN Council emphasized the need to support appropriate initiatives to reduce those risks, notably by developing one or more European central counterparties (CCPs) to serve the OTC derivatives markets. Consequently, at its meeting on 2 December 2008, the ECOFIN Council mandated the ESCB and CESR to adapt the existing draft recommendations for CCPs to explicitly address the risks of OTC derivatives.

In response to this request, the ESCB and CESR analysed a wide range of aspects relevant for the clearing of OTC derivatives in general and credit derivatives in particular. The working group has identified a few areas where additional clarifications of the relevant draft recommendations could be helpful and has revised the draft recommendations accordingly.

The amendments have been introduced in the original recommendations for CCPs, as published for consultation on 23 October 2008, and are highlighted in revision marks. The consultation paper which has been published today does not contain any revisions that the ESCB and CESR consider necessary in order to address the comments submitted in the first consultation, but rather only focuses on OTC derivatives.

Given the limited number of amendments that have been introduced and in view of the ECOFIN Council’s request to finalise the work as soon as possible, contributions from all interested parties (e.g. clearing and settlement service providers, intermediaries, banks, investment services firms, issuers, institutional investors, industry and trade associations), and especially from retail investors and their organisations, should be received by 17 April 2009. When responding, please refer to the respective recommendation and paragraph number. All contributions received will be made public, including publication on the internet, unless it is clearly indicated that the contributor does not consent to such publication.

Comments should be submitted to the European Central Bank at the following address (or to the respective national central bank) and to the CESR website (www.cesr.eu) under the section “Consultations”.



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