

MEMO# 30589

February 21, 2017

Joint Trades Submit Supplemental Comment Letter to European Regulators Requesting Relief from the March 1 Variation Margin Compliance Date

[30589] February 21, 2017 TO: ICI Members

ICI Global Members

Derivatives Markets Advisory Committee

ICI Global Trading & Markets Committee

Registered Fund CPO Advisory Committee

Securities Operations Advisory Committee SUBJECTS: Derivatives

Trading and Markets RE: Joint Trades Submit Supplemental Comment Letter to European Regulators Requesting Relief from the March 1 Variation Margin Compliance Date

Today, ICI Global along with the European Fund and Asset Management Association, Pensions Europe, and the American Benefits Council filed a supplemental comment letter requesting that the European Securities Markets Authority, the European Banking Authority, and the European Insurance and Occupational Pensions Authority (collectively, “ESAs”) provide guidance on a harmonized enforcement approach in coordination with national competent authorities to implementing certain variation margin requirements set to take effect on March 1.[\[1\]](#) The letter reiterates concerns that the current March 1 compliance date for non-centrally cleared over-the-counter derivatives under the European Market Infrastructure Regulation is practically impossible to meet and urges the EU authorities to act quickly to avoid major disruptions in the global derivatives markets. The letter also describes similar relief from the March 1 variation margin compliance date that the US Commodity Futures Trading Commission staff recently provided to affected parties.[\[2\]](#)

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[Attachment](#)

endnotes

[\[1\]](#) See Letter from Peter De Proft, Director General, European Fund and Asset Management Association, et al., to Steven Maijor, Chair, European Securities and Markets Authority, et

al., dated February 21, 2017. The letter follows an earlier letter requesting that the European Commission and ESAs work to implement at least a six-month delay of the March 1 compliance date through a dedicated regulatory technical standard or, alternatively, that ESMA issue a statement providing forbearance on the enforcement of variation margin requirements for at least six months. See Letter from Peter De Proft, Director General, European Fund and Asset Management Association, et al., to Olivier Guersent, Director General for Financial Services Policy, DG FISMA European Commission, et al., dated February 7, 2017. See also Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives central counterparties and trade repositories with regard to regulatory technical standards for risk mitigation techniques for OTC derivative contracts not cleared by a central counterparty (December 15, 2016), available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R2251&from=EN>. For a summary of the EU's OTC margin rules, please see ICI Memorandum No. 30491 (Dec. 20, 2016), available at: <https://www.iciglobal.org/iciglobal/pubs/memos/memo30491>.

[2] See CFTC Letter No. 17-11 (Feb. 13, 2017), available at <http://www.cftc.gov/idc/groups/public/@lrllettergeneral/documents/letter/17-11.pdf>. For a summary of the CFTC's no-action letter, please see ICI Memorandum No. 30583 (Feb. 14, 2016), available at: https://www.ici.org/my_ici/memorandum/memo30583.