

MEMO# 30645

March 17, 2017

European Clearing Deadline for Certain Smaller Financial Firms Extended to June 21, 2019

[30645]

March 17, 2017 TO: Derivatives Markets Advisory Committee

ICI Global Regulated Funds Committee

ICI Global Trading & Markets Committee RE: European Clearing Deadline for Certain Smaller Financial Firms Extended to June 21, 2019

The European Commission (Commission) has recently adopted a regulation that will extend the deadline for certain types of counterparties — Category 3 firms — to begin clearing trades under the European Market Infrastructure Regulation (EMIR).[\[1\]](#) The Delegated Regulation will be final unless the European Parliament or Council object by April 18, 2017. Category 3 firms include financial counterparties and non-financial counterparty alternative investment funds (AIFs) that are not included in Category 1 (e.g., clearing firms) or Category 2 (e.g., financial firms and AIFs that are part of groups with a higher notional amount of uncleared derivatives).[\[2\]](#)

As previously reported, the European Union (EU) authorities adopted regulations that mandate central clearing of three classes of derivatives: (1) OTC interest rate derivatives denominated in EUR, GBP, JPY, and USD; (2) OTC index credit default swaps; and (3) OTC interest rate derivatives denominated in NOK, PLN, and SEK.[\[3\]](#) Additionally, these regulations include an implementation schedule for the clearing obligations based on the categories of the counterparties. The new Delegated Regulation would delay the obligation to clear the covered classes of derivatives for Category 3 firms until June 21, 2019.

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endnotes

[1] See Commission Delegated Regulation (EU) amending Delegated Regulations (EU) 2015/2205, (EU) 2016/592 and (EU) 2016/1178 as regards the deadline for compliance with clearing obligations for certain counterparties dealing with OTC derivatives, March 16, 2017, *available at* <http://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-1658-F1-EN-MAIN-PART-1.PDF> (Delegated Regulation). For background on the procedural history of this regulation, see ICI Memorandum No. 30405 (November 17, 2016), *available at* <https://www.iciglobal.org/iciglobal/pubs/memos/memo30405>.

[2] Category 1 counterparties are those that, on May 9, 2016, are clearing members for at least one of the classes of CDS subject to the clearing obligation of at least one of the central counterparties authorized or recognized before that date to clear at least one of those classes. Category 2 counterparties are financial counterparties and non-financial counterparty alternative investment funds that are not included in Category 1 and belong to a group with average aggregate month-end outstanding gross notional amount of non-centrally cleared derivatives for January, February, and March 2016 exceeding EUR 8 billion.

[3] Commission Delegated Regulation (EU) 2015/2205 of 6 August 2015 supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation, OJ L 314, 1.12.2015; Commission Delegated Regulation (EU) 2016/592 of 1 March 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation, OJ L 103, 19.4.2016; Commission Delegated Regulation (EU) 2016/1178 of 10 June 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation, OJ L 195, 20.7.2016, p. 3 and Corrigendum in OJ L 196, 21.7.2016. See also ICI Memoranda Nos. 29522 and 29845, *available at* <https://www.iciglobal.org/iciglobal/pubs/memos/memo29522>, <https://www.iciglobal.org/iciglobal/pubs/memos/memo29845>.

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