

Trade Organizations call for Extension of Temporary Equivalence and Recognition of UK CCPs

LONDON, November 12, 2019 – The International Swaps and Derivatives Association, Inc. (ISDA) and 13 other financial services trade associations have today [written](#) to European Commission Vice President Valdis Dombrovskis to highlight the need for an urgent extension to the temporary equivalence determination for UK central counterparties (CCPs). Without such an extension, EU clearing members would not be able to continue as direct members of UK CCPs in the event of a no-deal Brexit, and EU counterparties would not be able to clear derivatives subject to the clearing obligation on those CCPs. The current temporary equivalence expires on March 30, 2020.

The 14 trade associations signing the letter, include: ISDA, FIA, the Association of Financial Markets in Europe, FIA European Principal Traders Association, the Alternative Investment Management Association, Associazione Intermediari Mercati Finanziari, Deutsches Aktieninstitut, the European Banking Federation, the European Fund and Asset Management Association, the European Federation of Energy Traders, Eurelectric, the Managed Funds Association, the Securities Industry and Financial Markets Association's Asset Management Group and the Swedish Securities Dealers Association.

The signatories of today's letter argue that without a seamless ability to continue to clear transactions across borders in the event of a 'no-deal', Brexit will have a significant impact on companies and on the safety and soundness of the financial system. As argued in the letter:

“It is important for the purpose of maintaining financial stability in the event of a “No Deal” Brexit for the Commission to provide this certainty in a timely fashion. It is also an important bridging measure to ensure that the transitional, anti-disruption protections for EU counterparties that have been negotiated under EMIR 2.2 will be available in the event that the UK is not ultimately found to be equivalent or in the event that UK CCPs are not able to obtain recognition (although we emphasise that we consider that it is of vital importance for financial stability that the necessary arrangements are put in place to ensure that UK CCPs are able to obtain recognition under EMIR 2.2).”

“The Associations request that the Commission amend the Implementing Decision on UK CCPs to extend the temporary equivalence until the date 18 months after entry into force of the relevant Commission delegated acts under EMIR 2.2, plus an additional three month period to allow UK CCPs to serve termination notices to EU clearing members in the event that their recognition is withdrawn following ESMA's review.”

The full association letter is available [here](#).

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 900 member institutions from 71 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on Twitter @ISDA.

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