



## EUROPEAN COMMISSION

Brussels, 30.05.2017  
C(2017) 3412 final

*Dear President,*

*The Commission would like to thank the Senat for its Opinion on the proposal for a Regulation of the European Parliament and of the Council on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, and (EU) No 2015/2365 {COM(2016) 856 final}.*

*This proposal is an important step towards strengthening Europe's financial system and making Europe's financial markets more efficient and safe in the perspective of the Capital Market Union. It completes the over-the-counter derivatives markets reforms to which the G20 Leaders committed in Pittsburgh in 2009 and adds to the package of risk reduction measures recently put forward by the Commission.*

*The financial crisis showed that the failure of highly interconnected globally active financial institutions could cause critical problems for the rest of the financial system and negatively impact the wider economy. While the failure of a central counterparty remains a low probability event, it is also a high impact one for which Europe must be prepared. In line with the international standards endorsed by the G20, the proposal aims at making sure that central counterparties and authorities in Europe are fully prepared and have the means to act decisively in a crisis.*

*The Commission welcomes the Senat's support for the aims of the proposal and notes its recommendations in relation to the possibility of establishing a bridge central counterparty in Europe and to exploring the possibility of a simplified procedure for the establishment of a central counterparty which would provide clearing facilities for multiple currencies, markets and instruments.*

*The Commission has carefully considered the recommendations made by the Senat in its Opinion and would like to offer the following observations:*

*The objective of the resolution of central counterparties is to ensure that the critical clearing services performed by the failing central counterparty are maintained while shielding taxpayers from potential costs. In this perspective, private solutions will generally be preferred to public alternatives.*

*Mr Călin POPESCU-TĂRICEANU  
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*The creation of a bridge entity is envisaged as a resolution tool to be implemented at the time of resolution of an individual central counterparty. It is only one of several tools that would be at the disposal of the Resolution Authority. The maintenance of a "standby" entity at Union level has not been considered as a cost-effective approach considering the remote probability of a central counterparty's failure.*

*The procedure for establishing a central counterparty in Europe under the clearing obligation was laid down in Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over the counter derivatives, central counterparties and trade repositories. This procedure is not covered by the scope of the current Commission proposal.*

*The legislative process is currently ongoing and involves both the European Parliament and the Council. The Senat's Opinion has been made available to the Commission's representatives in the ongoing negotiations with the co-legislators and will inform these discussions.*

*The Commission hopes that the clarifications provided in this reply address the points raised by the Senat and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Valdis Dombrovskis  
Vice-President*