

**Circular to the financial services industry on the  
European Markets Infrastructure Regulation  
(‘EMIR’)**

*Authorisation and Supervision of Central  
Counterparties (‘CCPs’)*

CPSS-IOSCO is assessing the EU’s implementation of the Principles for Financial Market Infrastructures<sup>1</sup> (‘PFMIs’). This assessment involves a detailed review of the EU’s regulatory framework to ascertain whether it establishes requirements which are consistent with each of the 22 “Principles” and 106 “Key Considerations” applicable to CCPs.

Whilst EMIR establishes requirements which are consistent with the PFMIs, the regulatory framework under EMIR does not always employ the same operative language as used in the PFMIs. Thus, even though the EU regulatory framework for CCPs was intended to consistently implement the PFMIs, and competent authorities have already been applying the PFMIs in their supervision of CCPs, it is not currently articulated in a manner that can be referenced by CPSS-IOSCO as part of their assessment of the EU’s implementation of the PFMIs in respect of CCPs.

There might be a number of consequences for CCPs established in the EU if the difference between the operative language used in EMIR and the operative language used in the PFMIs were to prevent the EU from being graded as having consistently implemented the PFMIs in respect of CCPs. These consequences might include for instance banks having to hold additional capital against their exposures to such CCPs or disallowing such CCPs to obtain permission to operate in various third-countries. ESMA therefore issued a set of Guidelines and Recommendations which apply to competent authorities designated under Article 22 of EMIR for carrying out the duties resulting from EMIR for the authorisation and supervision of CCPs to rectify this matter.

The Authority would like to notify the public that it will comply with the said guidelines and recommendations issued by ESMA on the 5<sup>th</sup> August 2014 ([ESMA/2014/1009](http://www.esma.europa.eu/press_room/press_releases/2014/08/05)) which require the following:

*“EMIR and the regulatory and implementing technical standards made under it establish requirements which are consistent with the Principles for Financial Market Infrastructures published by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities*

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<sup>1</sup> CPSS-IOSCO Principles for Financial Market Infrastructures, April 2012 (<http://www.bis.org/publ/cpss101a.pdf>).

*Commissions (PFMIs). When carrying out the duties resulting from EMIR for the authorisation and supervision of CCPs, competent authorities should ensure that CCPs established in their territory comply with these requirements in accordance with the PFMIs and operate in a manner that is consistent with them.”*

In light of the above-guidelines and recommendations, please note that whilst authorising and supervising all CCPs which fall under its jurisdiction, the Authority shall ensure that these CCPs conform to the CPSS-IOSCO PFMIs.

## **Contacts**

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