Changes to legislation: *There are outstanding changes not yet made to Commission Implementing Regulation (EU) 2016/1646. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details)EUR 2016 No. 1646 may be subject to amendment by EU Exit Instruments made by both the Prudential Regulation Authority and the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 4. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details) View outstanding changes*

Commission Implementing Regulation (EU) 2016/1646 of 13 September 2016 laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Text with EEA relevance)

COMMISSION IMPLEMENTING REGULATION (EU) 2016/1646

of 13 September 2016

laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012[(1)] and in particular Article 197(8) thereof,

Whereas:

(1) Regulation (EU) No 575/2013 states that equities or convertible bonds included in a main index may be used by institutions as eligible collateral. One of the eligibility criteria for collateral is that it should be sufficiently liquid. To be considered as main indices for the purposes of that Regulation, equity indices should therefore mainly consist of equities that can reasonably be expected to be realisable when an institution needs to liquidate them. This should be the case when at least 90 % of the components of an index have a free float of at least EUR 500 000 000 or, in the absence of information about free float, a market capitalisation of at least EUR 1 000 000 000.

(2) It should also be possible for institutions to recognise as eligible collateral instruments that are liquid relative to the markets in which they are operating and meet a minimum level of liquidity, irrespective of whether a market is established in the Union or in a third country. Therefore, an equity index should be considered as a main index where it includes no more than half of the total number of companies whose shares are traded on the market on which the index is based, where the average daily turnover is at least EUR 100 000, and where it also meets two of the following three criteria: the total market capitalisation of the index is at least 40 % of the market capitalisation of all the companies whose shares are traded on that market; the total turnover of trading in the components of the index is at least 40 % of the total turnover of all equity trading on that market; and the index serves as an underlying for derivatives products.

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(3) Convertible bond indices should be considered as main indices only where the constituent bonds can be converted into equities where at least 90 % of those equities have a free float of at least EUR 500 000 000 or, in the absence of information about free float, a market capitalisation of at least EUR 1 000 000 000.

(4) Where two indices meet the criteria to be considered a main index and one is a subset of the other, for simplicity only the broader one should be included in the list of main indices.

(5) Regulation (EU) No 575/2013 states that debt securities issued by certain institutions, not having a credit assessment by an external credit assessment institution (ECAI) may be used as eligible collateral where they fulfil a number of conditions, one of them being that they are listed on a recognised exchange.

(6) In order to be considered a recognised exchange for the purposes of Regulation (EU) No 575/2013, an exchange is required to meet the conditions laid down in Article 4(1)(72) of that Regulation. Regarding one of those conditions, namely that the exchange should have a clearing mechanism, all regulated markets trading financial instruments not listed in Annex II to Regulation (EU) No 575/2013 should satisfy this second condition by virtue of being licensed as a regulated market under Directive 2004/39/EC of the European Parliament and of the Council[(2)] and by virtue of the existence of rules and procedures for the clearing and settlement of transactions in place as required under that Directive 2004/39/EC.

(7) Where an exchange's clearing mechanism is provided by a central counterparty (CCP), that CCP should comply with the requirements laid down in Regulation (EU) No 648/2012 of the European Parliament and of the Council[(3)]. For the rare derivatives exchanges not served by CCPs, the margining rules laid down in Regulation (EU) No 648/2012 should be used as the benchmark for assessing whether the margining requirements imposed by those exchanges are appropriate.

(8) This Regulation is based on the draft implementing technical standards submitted by the European Securities and Markets Authority (ESMA) to the Commission.

(9) On 17 December 2015, the Commission notified ESMA of its intention to endorse the draft implementing technical standard with amendments to take account of the fact that some equity indices that meet the eligibility criteria to be considered as main indices were not included in the list provided in that draft standard. In its formal opinion of 28 January 2016, ESMA confirmed its initial position and did not resubmit an implementing technical standard amended in a way consistent with the Commission's proposed amendments. The draft implementing technical standard should therefore be endorsed with the amendments necessary to avoid the exclusion of indices that meet the eligibility criteria to be considered as main indices for the purposes of Regulation (EU) No 575/2013.

(10) ESMA has conducted an open public consultation on the draft implementing technical standards on which this Regulation is based and has requested the opinion of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council[(4)].

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ESMA has not analysed in detail the potential costs and benefits related to the draft implementing technical standards as this would have been disproportionate in relation to their scope and impact,

HAS ADOPTED THIS REGULATION:

Article 1

Main indices

The main indices for the purposes of Article 197(8)(a) of Regulation (EU) No 575/2013 are specified in Annex I to this Regulation.

Article 2

Recognised exchanges

The recognised exchanges for the purposes of Article 197(8)(b) of Regulation (EU) No 575/2013 are specified in Annex II to this Regulation.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 13 September 2016.

For the Commission

The President

Jean-Claude JUNCKER

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ANNEX I

MAIN INDICES SPECIFIED UNDER ARTICLE 197 OF REGULATION (EU) No 575/2013

TABLE 1

Equity indices

Index	Country/Area
STOXX Asia/Pacific 600	Asia/Pacific
ASX100	Australia
ATX Prime[a]	Austria
BEL20	Belgium
IBOVESPA	Brazil
TSX60	Canada
CETOP20 Index	Central Europe
Hang Seng Mainland 100 Index (China)	China
NYSE ARCA China Index	China
Shanghai Shenzhen CSI 300	China
PX Prague	Czech Republic
OMX Copenhagen 20	Denmark
FTSE RAFI Emerging Markets	Emerging Markets
MSCI Emerging Markets 50	Emerging Markets
FTSE Europe Index	Europe
STOXX Europe 600	Europe
MSCI AC Europe & Middle East	Europe and Middle East
OMXH25	Finland
SBF120[b]	France
S&P BMI France	France
HDAX[c]	Germany
FTSE All World Index	Global
MSCI ACWI	Global
FT ASE Large Cap	Greece
Hang Seng	Hong Kong

a Includes the ATX.

b Includes the CAC40, CAC Next 20, and CAC Mid Cap.

c Includes the DAX and MDAX.

d Includes the FTSE 100.

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Hang Seng Composite Index	Hong Kong
CNX 100 Index	India
S&P BSE 100 Index	India
ISEQ 20	Ireland
FTSE MIB	Italy
Nikkei 300	Japan
TOPIX mid 400	Japan
S&P Latin America 40	Latin America
FTSE Bursa Malaysia KLCI Index	Malaysia
Mexico Bolsa Index	Mexico
AEX	Netherlands
S&P NZX 15 Index	New Zealand
OBX	Norway
WIG20	Poland
PSI 20	Portugal
MSCI Russia Index	Russia
Russian Traded Index	Russia
FTSE Straits Times Index	Singapore
FTSE JSE Top 40	South Africa
INDI 25 Index	South Africa
KOSPI 100	South Korea
IBEX35	Spain
OMXS60	Sweden
OMXSB	Sweden
SMI Expanded Index	Switzerland
TSEC Taiwan 50	Taiwan
FTSE Nasdaq Dubai UAE 20 Index	UAE
FTSE 350[d]	UK
NASDAQ100	USA
Russell 3000 Index	USA
S&P 500	USA

a Includes the ATX.

b Includes the CAC40, CAC Next 20, and CAC Mid Cap.

c Includes the DAX and MDAX.

d Includes the FTSE 100.