Commission Implementing Regulation (EU) No 591/2014 of 3 June 2014 on the extension of the transitional periods related to own funds requirements for exposures to central counterparties in Regulation (EU) No 575/2013 and Regulation (EU) No 648/2012 of the European Parliament and of the Council (Text with EEA relevance)

COMMISSION IMPLEMENTING REGULATION (EU) No 591/2014

of 3 June 2014

on the extension of the transitional periods related to own funds requirements for exposures to central counterparties in Regulation (EU) No 575/2013 and Regulation (EU) No 648/2012 of the European Parliament and of the Council

(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 497(3) thereof,

Whereas:

(1) In order to avoid disruption to international financial markets and to prevent penalising institutions by subjecting them to higher own funds requirements during the processes of authorisation and recognition of an existing central counterparty (CCP) as a qualifying central counterparty (QCCP), Article 497(1) and (2) of Regulation (EC) No 575/2013 established a transitional period during which all CCPs with which institutions established in the Union clear transactions will be considered QCCPs.

(2) Regulation (EU) No 575/2013 also amended Regulation (EU) No 648/2012 of the European Parliament and of the Council[(2)] in respect of certain inputs to the calculation of institutions' own funds requirements for exposures to CCPs. Accordingly, Article 89(5a) of Regulation (EU) No 648/2012 requires certain CCPs to report, for a limited period of time, the total amount of initial margin they have received from their clearing members. That transitional period mirrors the one laid down in Article 497 of Regulation (EU) No 575/2013.

(3) The transitional periods in Article 497(1) and (2) of Regulation (EU) No 575/2013 and in the first and second subparagraphs of Article 89(5a) of Regulation (EU) No 648/2012 will expire on 15 June 2014.

(4) Article 497(3) of Regulation (EU) No 575/2013 empowers the Commission to adopt an implementing act in order to extend the transitional period by six months in exceptional circumstances. That extension should also apply in respect of the time limits laid down in Article 89(5a) of Regulation (EU) No 648/2012.

(5) Since the authorisation and recognition processes of CCPs are still ongoing, the transitional periods in Article 497(1) and (2) of Regulation (EU) No 575/2013 and in the first and second subparagraphs of Article 89(5a) of Regulation (EU) No 648/2012 should be extended by six months, i.e. until 15 December 2014.

(6) If an extension of the transitional periods is not granted, institutions established in the Union (or their subsidiaries established outside the Union) would see a significant increase in the own funds requirements for their exposures to those CCPs that have not yet been authorised or recognised, as applicable. While such an increase may only be temporary, it could potentially lead to their withdrawal as direct participants in those CCPs and hence cause disruption in the markets in which those CCPs operate.

(7) This Regulation should enter into force before 16 June 2014 to ensure that the extension of the existing transitional periods occurs prior to their expiry. A later entry into force could lead to disruption for CCPs, for markets in which they operate and for institutions which have exposures to those CCPs.

(8) The measures provided for in this Regulation are in accordance with the opinion of the European Banking Committee,

HAS ADOPTED THIS REGULATION:

Article 1

The 15-month periods referred to in Article 497(1) and (2) of Regulation (EU) No 575/2013 and in the first and second subparagraph of Article 89(5a) of Regulation (EU) No 648/2012, respectively, are extended by 6 months.

Article 2

This Regulation shall enter into force on the 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, 3 June 2014.

For the Commission

The President

José Manuel BARROSO