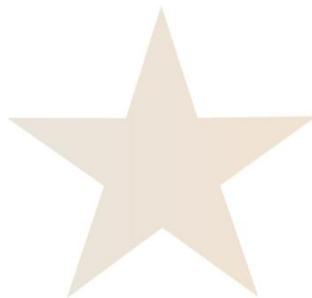


EBA FINAL draft Implementing Technical Standards

On the Hypothetical Capital of a Central Counterparty under Articles 50a, 50c and 89(5a) of Regulation (EU) No 648/2012, as amended by Article 520 of Regulation (EU) No 575/2013



EBA FINAL draft Implementing Technical Standards on the Hypothetical Capital of a Central Counterparty under Articles 50a, 50c and 89(5a) of Regulation (EU) No 648/2012, as amended by Article 520 of Regulation (EU) No 575/2013

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1. Executive summary

Regulation (EU) No 575/2013 ('CRR') sets out prudential requirements for banks' exposures to central counterparties (CCPs) in Articles 300 to 311. Article 520(1) of the CRR amends Regulation (EU) 648/2012 ('EMIR') introducing in Title IV the new articles from 50a to 50d and 89(5a).

With this amendment, EMIR introduces in Article 50a '*Calculation of K_{CCP}* ' and Article 50c '*Reporting of information*' specific mandates for EBA to develop draft Implementing Technical Standards ('ITS') concerning the reporting of information relating to the hypothetical capital of a Central Counterparty (CCP). Regulation (EU) No 575/2013 also amends Article 89 of the EMIR 'Transitional provisions' adding a new paragraph 5a.

These final ITS specify the frequency and the template for the information that a CCP has to deliver to all the credit institutions and investment firms that are clearing members, as well as to the supervisory authorities competent for those clearing members.

These final ITS set a monthly frequency of reporting in non-stress periods in order to accommodate at the same time the quarterly reporting requirements for clearing members in the EU and different reporting dates in non-EU jurisdictions. This approach should also avoid potentially huge shifts in capital requirements.

Despite the fact that the EMIR technical standards require CCPs to improve their internal processes and their IT infrastructures, reporting the information related to hypothetical capital within a short time interval after calculation could still be challenging. Against this background, these final ITS introduce an initial phase-in period that mitigates the most demanding aspects of these provisions, in order to allow the CCPs to make a smooth transition to the new systems and to allow the clearing members to have enough information to compute their capital requirements.

Furthermore, these final ITS specify the conditions under which the supervisory authorities may require an increase in the frequency of reporting. To this end, two stress situations are identified in an objectively observable way. The first situation occurs when the CCP's own contribution to the default waterfall is used and the second situation occurs when the CCP has to access the contributions of the non-defaulting clearing members to the default fund.

In extreme cases, the frequency of reporting can be increased by the supervisory authorities to daily or weekly, in order to keep clearing members and their competent authorities updated at all times.

2. Background and rationale

According to Article 50a and 50c of Regulation (EU) No 648/2012 ('EMIR'), a Central Counterparty (CCP) has to calculate its hypothetical capital and communicate it to all the credit institutions and investment firms acting as clearing members, and to their competent authorities. The clearing members can then use the hypothetical capital to calculate own funds requirements pursuant to Articles 300 to 311 of Regulation (EU) No 575/2013 ('CRR').

Article 50a(4) of the EMIR delegates powers to EBA to draft and to the Commission to adopt ITS specifying the frequency and dates of the calculations of the information relating to the hypothetical capital and the situations in which the Competent Authority of an institution acting as a clearing member may require calculation more frequently.

Furthermore, Article 50c(3) of the EMIR mandates EBA to draft ITS specifying the frequency, dates and format of the reporting and the situations in which the competent authority may require higher frequencies of reporting. Additional information is required by Article 89(5a), as amended by Article 520(3) of Regulation (EU) No 575/2013 if a CCP does not have a default fund and does not have a binding arrangement with its clearing members for the use of the initial margins as pre-funded contributions.

Article 50c requires at least quarterly reporting of the information relating to the hypothetical capital. These draft ITS set a monthly frequency of reporting in order to be compatible with the quarterly frequency of the Common Reporting Framework ('COREP') but also to accommodate potential different requirements of non-EU jurisdictions. Furthermore, during the consultation, some clearing members expressed the desire to have this information on a monthly basis to avoid unexpected large shifts in capital requirements.

According to these draft ITS, there are only two exceptions where the frequency of computation and notification can be increased that are based on the fact that losses following the default of a clearing member would, in the first instance, be covered by the initial margin and by the default fund contribution of the defaulting member itself. If these are insufficient, the losses would be covered by the CCP's own resources and by the pre-funded default fund contributions of the non-defaulting members. Assuming that these resources were sufficient to cover all the losses, the non-defaulting member would also have to replenish its default fund contribution and the CCP would have to replenish its pre-funded own financial resources.¹

The two situations where the default contribution of the CCP is used or the CCP has to access the contributions of the non-defaulting clearing members can be interpreted as periods of stress for the CCP. It is in the interests of the competent authority of the clearing members to set a higher notification frequency that could be as high as daily, depending on its assessment of the situation. The

¹ [Commission Delegated Regulation \(EU\) No 153/2013 of 19 December 2012 supplementing Regulation \(EU\) No 648/2012.](#)

requirement of a higher frequency of reporting can be maintained until the above contributions are fully restored to the levels set in the EMIR and the corresponding Technical Standards.²

Under the EMIR, CCPs are expected to respond to very high standards and they are already in the process of improving internal processes and IT infrastructures. At this juncture, however, calculating and reporting the information relating to the hypothetical capital within the same week could be challenging as it would be difficult to comply with the higher frequency of notification in periods of stress.

Although the weekly frequency of notification should be sufficient in most of the cases, situations may arise where supervisory authorities want to receive this information on a daily basis, such as following the default of one or more of the major clearing members. In these cases, the information relating to the hypothetical capital could be less significant and it is up to the supervisory authorities to assess the trade-off between timing and full information.

As a result, CCPs have to have internal processes and infrastructures to elaborate this information in a timely manner. Since these requirements can be quite demanding, it was deemed necessary to introduce a phase-in period.

First, the entry into force of the provisions concerning the higher frequency of reporting is postponed to one year after the legal deadline for EBA to deliver the draft Technical Standards, i.e. January 2015. During this period the competent authorities will not be able to increase the reporting frequency in any case.

In this initial phase even non-stress situations can be problematic. On the one hand, the CCPs need around one month to calculate and report the information relating to the hypothetical capital and find it difficult to do that within the same week as required in the ITS. On the other hand, clearing members do not want to receive such information too late in the process of computing their own capital requirements. As a transitional solution, the ITS requires that the hypothetical capital be computed with a reference date that is the same as in the permanent provisions (i.e. the end of each reference month) but the notification deadline is extended to three weeks after the reference day.

A final issue addressed by the industry during the consultation period concerns the announced substitution of the Current Exposure Method (CEM) with the Non-internal Model Method (NIMM). Since the NIMM is still under development and its transposition into EU regulation is not certain, these ITS cannot address this issue. It should be noted that EBA always has the possibility to update technical standards at a later stage, should the need arise. Consequently, EBA will consider the need to update these ITS, should any changes to the counterparty credit risk framework occur.

² [Commission Delegated Regulation \(EU\) No 153/2013 of 19 December 2012 supplementing Regulation \(EU\) No 648/2012.](#)

3. EBA FINAL draft Implementing Technical Standards on Hypothetical Capital of a Central Counterparty under Articles 50a,50c and 89(5a) of Regulation (EU) No 648/2012, as amended by Article 520 of Regulation (EU) No 575/2013

In between the text of the draft ITS that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision, or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.



EUROPEAN COMMISSION

Brussels, **XXX**
[...](2012) **XXX** draft

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of **XXX**

[...]

**COMMISSION IMPLEMENTING REGULATION (EU) No .../...laying down
implementing technical standards with regard to the hypothetical capital of a Central
Counterparty according to Regulation (EU) No 648/2012 as amended by Regulation
(EU) No 575/2013 of the European Parliament and of the Council**

Of XXX

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 648/2012 of 27 July 2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories³ and in particular Articles 50a and 50c thereof, as amended by Article 520 of Regulation (EU) No 575/2013.

Whereas:

- (1) Institutions in the European Union are currently reporting their own funds requirements on a quarterly basis. Therefore, in order to minimise inconsistencies between the reference dates set for institutions and the dates set for Central Counterparties ('CCPs') for the calculation and reporting of the information related to the hypothetical capital, the reference dates set for CCPs should cover at least the reference dates already set for institutions. However, a higher frequency of reporting of the information related to the hypothetical capital would also accommodate the fact that clearing members in non-EU jurisdictions can have different reporting dates. Furthermore, large shifts of the own funds requirements can occur and clearing members and their competent authorities might want to monitor these exposures more frequently than quarterly.
- (2) In non-stress situations, the reporting dates should not be delayed by more than one week with respect to the date of calculation in order to allow the CCPs to perform all the internal controls and complete the necessary approval process. If a CCP develops a fully automated system the reporting date can be close to the calculation date. Currently, however, CCPs may not always have this capability or internal processes and infrastructures could be under development. Against this background, a set of transitional provisions should be introduced to give the possibility to the CCPs to develop internal processes and, at the same time, to start reporting the information related to the hypothetical capital to their clearing members.
- (3) Based on Regulation (EU) 648/2012 the losses following the default of a clearing member would, in the first instance, be covered by the initial margin and by the default fund contribution of the defaulting member itself. When these turn out to be insufficient, the losses are covered by the CCPs' pre-funded own financial resources in the default waterfall and by the pre-funded default fund contributions of the non-defaulting members. During this period, the frequency of reporting should be increased in order to keep the other non-defaulting clearing members and the competent authorities updated on all the information related to the hypothetical capital needed to compute the clearing members' own fund requirements. CCPs should have

³ OJ L 201, 27.7.2012.

the technical capabilities and the internal processes in place in order to compute and deliver the information related to the hypothetical capital under these stress situations.

- (4) Under Regulation (EU) No 648/2012, a CCP has to replenish its pre-funded own financial resources in the default waterfall within one month. For this reason, the frequencies of calculation and reporting in these situations should be higher than the norm. A daily reporting of the information related to hypothetical capital could be less meaningful because the size of the losses following the clearing member's default still have to crystallise. Given that they may face a broad range of different scenarios, competent authorities should also have the option to ask for a lower frequency in periods of stress based on an assessment of the situation that should take into account the size of the clearing member, the complexity of the products cleared and the overall market conditions.
- (5) The high frequency of reporting in periods of stress can be very demanding in light of the newly introduced framework, which may pose challenges as regards the technical implementation for at least some CCPs. To mitigate this, a later date of application for certain provisions allows a later entry into force of the requirements of higher frequency of reporting. This will allow CCPs to improve their internal processes and upgrade their systems.
- (6) The provisions in this Regulation are closely linked, since they deal with the calculation and reporting of the hypothetical capital of a CCP. To ensure coherence between those provisions, which should enter into force at the same time, and to facilitate a comprehensive view and compact access to them by persons subject to those obligations, it is desirable to include all the implementing technical standards required by Regulation (EU) No 648/2012, as amended by Regulation (EU) No 575/2013 in a single Regulation.
- (7) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority to the Commission.
- (8) The European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010.

HAS ADOPTED THIS REGULATION:

Article 1

Frequency and dates of the calculation required by Article 50a(3) of Regulation (EU) 648/2012

1. The frequency of the calculation specified in paragraph 3 of Article 50a of Regulation (EU) 648/2012 shall be monthly except where the discretion provided for in paragraph 1 of Article 3 is exercised, in which case the frequency shall be either weekly or daily.
2. Where the frequency of the calculation referred to in paragraph 1 is monthly, both of the following shall apply:

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- (a) the reference days for that calculation shall be
- January 31, February 28 (or February 29 in a leap year), March 31, April 30, May 31, June 30, July 31, August 31, September 30, October 31, November 30, December 31;
- (b) the day on which the CCP shall undertake that calculation ('day of calculation') shall be respectively:
- February 1, March 1, April 1, May 1, June 1, July 1, August 1, September 1, October 1, November 1, December 1, January 1.
3. Where the frequency referred to in paragraph 1 is weekly or daily, the day of the first calculation shall be the day following the day of the request of the competent authority. The first reference day shall be the day of the request of the competent authority. For the subsequent calculations the reference day shall be the day before the day of calculation. In case of weekly calculation, the time span between the days of calculation shall be 5 working days.
4. Where the day of calculation is a public holiday, Saturday or Sunday, the calculation shall be carried out on the following working day.

Article 2

Frequency, dates and uniform format of the reporting required by Article 50c(2) and 89(5a) of Regulation (EU) 648/2012

1. The frequency of the reporting under paragraph 2 of Article 50c of Regulation (EU) 648/2012 and, where applicable, in the third subparagraph of paragraph 5a of Article 89 of Regulation (EU) 648/2012, as amended by Regulation (EU) No 575/2013, shall be the same as the frequency of calculation specified in paragraph 1 of Article 1.
2. Where the frequency of the reporting in accordance with paragraph 1 is monthly, the reporting date shall be within five working days from the day of calculation set in Article 1, but the CCP shall endeavour to report earlier than that time.
3. Where the frequency of the reporting referred to in paragraph 1 is daily or weekly, the remittance date shall be the day following the day of calculation.
4. Where the reporting date is a public holiday, Saturday or Sunday, the reporting date shall be the following working day.
5. CCPs shall report the information referred to in paragraph 2 using the template set out in Annex I (CCP Reporting) completed in accordance with the instructions set out in Annex II (Instructions for CCP Reporting).

Article 3

Conditions for higher frequencies of calculation and reporting according to the third subparagraph of Article 50a and the second subparagraph of Article 50c of Regulation (EU) 648/2012

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1. By virtue of the third subparagraph of Article 50a and the second subparagraph of Article 50c of Regulation (EU) 648/2012, competent authorities of an institution acting as a clearing member may require any CCP in which that institution acts as a clearing member to undertake the calculation referred to in paragraph 1 of Article 1 and the reporting referred to in paragraph 1 of Article 2 with either a daily or a weekly frequency in any of the following situations:
 - (a) where, following the default of one clearing member, a CCP is obliged to use any portion of its pre-funded own financial resources in the default waterfall in accordance with Article 43 of Regulation (EU) 648/2012;
 - (b) where, following the default of one clearing member a CCP is obliged to make use of the default fund contributions of non-defaulting clearing members in accordance with Article 42 of Regulation (EU) 648/2012.
 2. Competent authorities shall base their choice between daily and weekly frequency under paragraph 1 on the degree of depletion or potential depletion of the pre-funded financial resources.
 3. Where competent authorities require a higher frequency of calculation and reporting from a CCP in accordance with point (a) of paragraph 1, the higher frequency shall apply until the CCP's pre-funded own financial resources in the default waterfall are restored at the levels set in Article 36 of the Commission Delegated Regulation (EU) No 153/2013.⁴
 4. Where competent authorities require a higher frequency of calculation and reporting from a CCP in accordance with point (b) of paragraph 1, the higher frequency shall apply until the default fund contributions of the non-defaulting members of the CCP are restored at the levels set in Article 42 of Regulation (EU) No 648/2012.⁵

Article 4

Transitional provision

By way of derogation from paragraph 2 of Article 2, during the period from the date of application of this Regulation until 1 January 2015, CCPs shall report the information referred to in that paragraph within fifteen working days after the reference day, but they shall endeavour to report earlier than that time.

Article 5

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

It shall apply from [31 March 2014], except for paragraph 3 of Articles 1 and paragraph 3 of Article 2, and Article 3 which shall apply from 1 January 2015.

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

⁴ OJ L 52, 23.02.2013, p. 61

⁵ OJ L 201, 27.07.2012, p. 1

Done at Brussels,

*For the Commission
The President*

On behalf of the President

[Position]

ANNEX

Annex I: Template for CCP reporting

Annex II: Instructions for the Template for CCP reporting

[Separate files]

4. Accompanying documents

4.1 Cost-Benefit Analysis / Impact Assessment

Introduction

Pursuant to Article 15(1), second subparagraph, of the EBA Regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council), any draft technical standards developed by EBA have to be accompanied by a separate note on impact assessment (IA) which analyses the 'potential related costs and benefits' (unless such analyses are disproportionate in relation to the scope and impact of the draft technical standard concerned or in relation to the particular urgency of the matter).

Article 50a and 50c of the amended EMIR require EBA to develop draft Implementing Technical Standards (ITS) relating to: (i) the frequencies and dates according to which Central Counterparties (CCPs) are to compute hypothetical capital; (ii) the frequencies, dates and formats according to which CCPs are to notify to clearing members and the supervisors the latter variables listed in Article 50c points (a) to (g); (iii) the situations in which the competent authority of an institution acting as a clearing member may require higher frequencies of calculation and reporting than those specified under points (i) and (ii).

Problem definition and objectives

Robustly risk-managed and resilient institutions, in relation to central clearing transactions, contribute to the general regulatory objectives of financial stability and systemic risk mitigation.

By specifying the frequency of calculation of hypothetical capital, the notification standards covering variables relating to the default fund and the conditions under which notification to clearing members and supervisors can be required at a higher frequency, the proposed ITS contribute to establishing effective and harmonised supervisory practices. Effective and harmonised supervision is instrumental in ensuring that institutions are robustly risk-managed and resilient and, consequently, in achieving the above-mentioned objectives of financial stability and systemic risk mitigation.

Baseline scenario

In the past, regulatory framework credit institutions and investment firms were not required to hold regulatory capital against risk exposure stemming from the participation in the default fund of CCPs. The calculation and use of hypothetical capital for regulatory purposes is a new requirement for credit institutions, and so are the reporting requirements for hypothetical capital and the variables relating to the default fund.

In order to assess the impacts of the proposed ITS, and related costs and benefits, two specific features of the baseline need to be considered:

- a) The above-mentioned requirements are newly introduced by the CRR and not by the proposed draft ITS. By establishing the related frequencies of calculation, and frequencies, dates and formats of notification, the proposed ITS only marginally affect potential costs and benefits arising from the CRR provisions.

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- b) Even though the above-mentioned requirements are new, it is expected that all the required data and information are already available to CCPs as a result of currently existing margining, pre-funded contributions and risk management practices carried out as part of central clearing.

Impacts on institutions, regulators and markets

The achievement of the regulatory objectives of effective and harmonised supervision, and their contribution to overall financial stability and systemic risk mitigation, constitute the benefits of the proposed ITS.

The overall qualitative assessment of the provisions proposed in the draft ITS relies on the expectation of no material costs arising, for either CCPs (compliance costs) or the supervisory authorities of the clearing members (costs of supervision), as a result of the reporting requirements included in Articles 50a and 50c of the amended EMIR. That expectation is grounded on the very limited scope of content of such requirements as well as on the assessment of the currently existing market practices (see 'Baseline' above).

The proposals in the ITS relate to the standalone notification; the circumstances triggering more frequent notification and the proposed levels of higher frequency are not expected to substantially affect costs for CCPs or the supervisory authorities of the clearing members. Industry stakeholders noted that meeting the requirement to report data within five working days of calculation, and the need to accommodate both CEM and NIMM calculation methods, would not be possible without a fully-automated data extraction, aggregation and calculation mechanism. This would represent a significant one-off investment. However, once such a mechanism has been put in place the ongoing costs are expected to be minimal.

Links with the wider reporting framework: integration in COREP or standalone notification

In introducing the proposed notification requirements in the existing overall regulatory reporting framework, EBA gave consideration to whether such notification requirements should constitute a new standalone framework or be included as an additional segment of the COREP reporting framework which already exists. The advantages and disadvantages of the two approaches are reported below.

Option 1: Integration of the proposed notification requirements within the COREP framework

Advantages: The integration of notification to supervisors within the COREP framework could minimise the administrative burden resulting from the coexistence of several different reporting frameworks, each characterised by its own and potentially different dates, formats and frequencies. This advantage is, however, mitigated by the fact that no material compliance costs are expected to arise, for CCPs, as a consequence of the required reporting tasks at a default quarterly frequency.

Disadvantages: The scope for integrating the reporting requirements in the COREP framework is very limited, given that it could be implemented only in those jurisdictions that require the CCPs to hold a banking licence. According to available evidence, only a few jurisdictions in the EU currently supervise CCPs that hold a banking licence.

Unlike the other items reported within COREP, the hypothetical capital of a CCP and the identified quantities relating to the features of the CCP's default fund do not relate, in this reporting framework, to any requirement imposed on CCPs.

Option 2: Notification requirements in a standalone framework

Chosen option: The disadvantages described under option 1 are arguments in favour of a standalone reporting framework, which is, consequently, the preferred option (option 2). Industry stakeholders agreed with the choice of standalone notification.

Standard frequencies of notification and frequencies under the exceptional circumstances specified in Article 3.

In order to propose a standard and a higher frequency of calculation and notification in stress situations, EBA gave consideration to alternative frequencies, including the minimum quarterly frequency already set in the EMIR.

Option 1: Monthly frequency of notification

Option 2: Quarterly frequency of notification

Advantages of the monthly frequency: Being higher than the default quarterly frequency, a monthly frequency of notification to clearing members and to the clearing members' supervisors could potentially ensure that:

- a) a more timely and effective supervision of the risks related to the participation in a CCP's default fund can be carried out by the supervisors of the clearing member, and
- b) a more timely and effective risk management reaction is warranted on the side of clearing members.

Disadvantages of the monthly frequency: Being higher than the default quarterly frequency, a monthly frequency of notification means a larger administrative reporting burden, which is not expected to be material in the long run.

Chosen option: Given the considerations presented above, the monthly frequency of notification is the preferred option in non-stress situations.

For the reporting frequency in periods of stress two options were considered.

Option 1: Monthly frequency of notification

Option 2: Higher frequency of notification: daily or weekly

Disadvantages of the monthly frequency: According to the regulations applicable to CCPs,⁶ however, the clearing members' contributions and the CCP's pre-funded own financial resources in the default waterfall have to be replenished within one month. A monthly frequency of notification turns out to be

⁽⁶⁾ OJ L 52, 23.02.2013.

too low, in this respect, in that the time interval between two subsequent notifications is wide enough to include an event of stress to the default and its mandated replenishment. In other words, under monthly notification operations, a potential event of stress affecting the default fund of the CCP is likely to occur without either the supervisors or the clearing members being notified in a timely manner.

Advantages of the daily or weekly frequency: A daily or weekly frequency meets to a larger extent the needs of timely supervision and clearing members' risk management. In particular, the frequency is compatible with the monthly requirement for the replenishment of the contributions to the CCP's default fund.

Disadvantages of the daily or weekly frequency: Being higher than the default frequency, a daily or weekly frequency of notification means a larger administrative reporting burden which, however, is not expected to be material once the internal processes and IT infrastructures have been set up.

Proposed option: Given the considerations presented above, the requirement of a daily or weekly frequency of notification that depends on the competent authority's assessment of the situation is the preferred option. Industry stakeholders noted that until a fully-automated mechanism is put in place the cost of switching from a standard to daily reporting would be substantial. However, once these conditions are met, the increase in operational costs should be minimal.

4.2 Views of the Banking Stakeholder Group (BSG)

The Banking Stakeholder Group did not comment on the Consultation Paper (EBA/CP/2013/29).

4.3 Feedback on the public consultation and on the opinion of the BSG

EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted three months and ended on 30 September 2013. Three responses were received, all three of which were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases several industry bodies made similar comments or the same body repeated its comments in the response to different questions. In such cases, the comments, and the EBA analysis are included in the section of this paper where EBA considers them most appropriate.

Changes to the draft ITS have been incorporated as a result of the responses received during the public consultation.

Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Main findings	<p>Industry stakeholders were broadly supportive of the proposed approach. However, concern was expressed that meeting the requirement to remit data within five working days, and the need to accommodate both CEM and NIMM calculation methods, would not be possible without a fully-automated data extraction, aggregation and calculation mechanism. They also noted the significant one-off costs associated with developing such a method. In consequence, two industry stakeholders proposed the introduction of a transitional period of six months before the requirement to remit data within five working days comes into force, in order to allow time for the development of such a mechanism. This transitional period would commence either on the date of entry into force of the implementing technical standard or on the date of the finalisation of the replacement calculation method. During this transitional period, the requirement would be for data to be remitted within one month.</p>	<p>EBA agrees that a burden may result from the requirement to remit data within five working days in the absence of a fully-automated mechanism. In consequence, a transitional period from the date of entry into force of the technical standard has been introduced, to allow for the development of such a mechanism. During this transitional period, CCPs have one month in which to remit data. EBA has decided not to date the start of this transitional period from the finalisation of the replacement calculation method, as this is not provided for in the CRR.</p>	<p>A transitional period from the date of entry into force of the technical standard has been introduced (new Article 4) to allow for the development of such a system. During this transitional period, CCPs have three weeks in which to remit the data.</p>
Responses to questions in Consultation Paper EBA/CP/2013/29			

<p>Question 1. Do you agree with the frequencies, dates and formats set out in Articles 1 and 2?</p>	<p>Industry stakeholders agreed with the proposed frequencies, dates, and formats. However, one stakeholder (banking sector) noted that different calculating dates may be needed for clearing members located in non-EU jurisdictions owing to different financial reporting schedules, and another considered that reporting should take place on a monthly, rather than quarterly, basis. CCPs suggest that in non-stress situations the frequency should be at most monthly.</p>	<p>EBA has changed the frequency of reporting from quarterly to monthly.</p>	<p>The frequency of reporting in non-stress situations has been changed from quarterly to monthly (Article 1).</p>
<p>Question 2. Do you agree that the remittance dates should be set to five working days after calculation under normal circumstances?</p>	<p>CCPs expressed concern that setting a remittance date of five working days after calculation would be challenging and need to accommodate both CEM and NIMM calculation methods, and would not be possible without a fully-automated data extraction, aggregation and calculation mechanism. In consequence, they proposed the introduction of a transitional period of six months before the requirement to remit data within five working days comes into force, in order to allow time for the development of such a mechanism. This transitional period would commence either on the date of entry into force of the implementing technical standard or on the date of the finalisation of the replacement calculation method. During this transitional period, the requirement would be for data to be remitted within one month.</p>	<p>EBA accepts that a burden may result from the requirement to remit data within five working days if CCPs do not have a fully-automated mechanism. In consequence, a transitional period from the date of entry into force of the technical standard has been introduced to allow for the development of such a mechanism.</p>	<p>The introduction of a transitional period before the requirement to remit data within five working days comes into force, to start from the date of entry into force of the technical standard.</p>

	Another industry stakeholder (banking sector) shared the view that setting a remittance date of five working days would be challenging, and suggested allowing for a slightly longer period.	Unfortunately the reference dates for the calculation of the clearing members' capital requirements cannot be misaligned with the information relating to the hypothetical capital.	For the transitional period the remittance date is set to three weeks after the reference date. After the phase-in period the maximum of one week is kept as in the consultation paper. However, CCPs are invited to make the information available earlier than the five working days.
Question 3. Should the reporting frequency be higher in order to allow those clearing members that need to compute their capital requirements more frequently to do so? What would be the proper frequency and appropriate	All industry stakeholders agreed that, outside of stressed conditions, a monthly calculation of K_{ccp} is appropriate, with one (CCP) stating that this should be a maximum frequency.	A monthly reporting frequency would, on the one hand, meet the need expressed by some industry stakeholders (banking sector) and, on the other hand, the need to accommodate as well as possible non-EU jurisdictions.	The standard reporting frequency is set as monthly.

remittance dates?			
Question 4. Do you agree with the conditions set in Article 3? Would you add or change any of the conditions set in this Article?	All industry stakeholders agreed with the proposed conditions.	EBA has introduced a transitional period from the date of entry into force of the technical standard, during which Article 3 does not apply.	The introduction of a transitional period from the date of entry into force of the technical standard, during which Article 3 does not apply.
Question 5. Do you agree with the choice of the standalone notification as preferred option?	Only one industry stakeholder responded explicitly to this question. It agreed with the choice of a stand-alone notification.	All stakeholders agreed with the proposed text.	Confirmed in the Final Draft RTS.
Question 6. Do you agree with the assessment of non-materiality of costs arising, for clearing members, supervisors and CCPs, from the calculation and	Only one industry stakeholder responded to this question. In common with its response to question 2, it noted that meeting the requirement to report data within five working days of calculation, and the need to accommodate both CEM and NIMM calculation methods, would not be possible without a fully-automated data extraction, aggregation and calculation mechanism. This would represent a significant one-off investment. However, once such a mechanism has been put in place the ongoing costs are expected to be minimal.	EBA accepts that there may be a need for CCPs to establish a fully-automated data extraction, aggregation and calculation mechanism, and has introduced a transitional period to take this into account.	Addressed in the Cost-Benefit analysis.

<p>notification requirements set out in Article 299 of the CRR? If not, could you provide an estimate of the relative increase in operational costs resulting from the requirements? (Please specify whether costs are one-off or ongoing, and which requirements mostly drives these costs.)</p>			
<p>Question 7. Could you estimate the relative increase in operational costs resulting</p>	<p>Only one industry stakeholder responded to this question. The response noted that, until a fully-automated mechanism is put in place and it is necessary to accommodate only one calculation method, the cost of switching from quarterly to daily reporting would be substantial. However, once both of these conditions are met, the increase in</p>	<p>EBA accepts that there may be a need for CCPs to establish a fully-automated data extraction, aggregation and calculation mechanism, and has introduced a transitional period to take this into account.</p>	<p>Addressed in the Cost-Benefit analysis.</p>

from switching from a quarterly frequency to a daily frequency of reporting?	operational costs should be minimal.		
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