

18 March 2016

Jonathan Hill
Commissioner for Financial Stability, Financial Services
and Capital Markets Union
European Commission
Rue de la Loi/Wetstraat 200
1049 1049 Brussels
Belgium

Dear Lord Hill,

Recognition and Supervision of Central Counterparties

Founded in 2006, the Committee on Capital Markets Regulation (“CCMR”) is an independent and nonpartisan 501(c)(3) research organization financed by contributions from individuals, foundations and corporations and dedicated, inter alia, to ensuring the stability of the U.S. financial system.

Founded in 2002, the Financial Markets Law Committee (“FMLC”) is a not-for-profit organisation established for the purposes of education and the advancement and understanding, present and future, in the framework of the wholesale financial markets. The role of the FMLC is to identify issues of legal uncertainty, or misunderstanding, which might give rise to material risks, and to consider how such issues should be addressed.

On 10 February 2016, the European Commission and the Commodity Futures Trading Commission (“CFTC”) announced a common approach (the “Common Approach”) in relation to the requirements for central counterparties (“CCPs”) operating in both the E.U. and U.S. Shortly thereafter, on 15 March 2016, the European Commission adopted an equivalence decision with respect to U.S. CCPs which will allow the European Securities and Markets Authority (“ESMA”) to recognise U.S. CCPs for the purposes of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”) as soon as is practicable. And the following day, the CFTC approved a substituted compliance framework permitting E.U. CCPs to comply with certain CFTC requirements in the provision of services to U.S. clearing members and clients by adhering to corresponding E.U. requirements under EMIR. The CFTC also announced a streamlining of the registration process for E.U. CCPs wishing to register with them.

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www.fmlc.org

Registered Charity Number: 1164902.

“FMLC” and “The Financial Markets Law Committee” are terms used to describe a committee appointed by **Financial Markets Law Committee**, a limited company. Registered office: 8 Lothbury, London, EC2R 7HH. Registered in England and Wales. Company Registration Number: 8733443.

The CCMR and the FMLC (together “the Committees”) welcome the Common Approach and congratulate the European Commission and the CFTC on these landmark developments,¹ which will resolve legal and practical uncertainties identified by the Committees,² preserve liquidity in the derivatives markets and prevent market fragmentation.

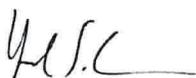
FINANCIAL
MARKETS
LAW
COMMITTEE

Yours sincerely,



Joanna Perkins

FMLC Chief Executive



Professor Hal Scott

CCMR Director

¹ Given the involvement of the UK authorities in discussions concerning the authorisation and recognition of central clearing counterparties, Sonya Branch, Stephen Parker and Sean Martin took no part in the preparation or discussion of this letter and it should not be taken to represent the views of the Bank of England, HM Treasury or the Financial Conduct Authority.

² FMLC/CCMR comment paper on issues of legal uncertainty relating to the recognition and supervision of central counterparties, available at http://www.fmlc.org/uploads/2/6/5/8/26584807/fmlc-ccmr_joint_statement_1_september_2015.pdf
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18 March 2016

Chairman Timothy Massad
Commodity Futures Trading Commission
115521st Street, NW
Washington DC 20581
United States of America

Dear Chairman Massad,

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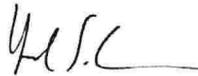
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Yours sincerely,



Joanna Perkins
FMLC Chief Executive



Professor Hal Scott
CCMR Director

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18 March 2016

Mr Olivier Guersent
Director General
Directorate General Financial Stability, Financial Services
and Capital Markets Union
SPA2 – Pavillon
Rue de Spa 2
1000 Brussels, Belgium

Dear Mr Guersent,

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