

# European Union

This document provides citations of the relevant legislation, regulation, policy and guidance, and notes explaining the assigned ratings for all relevant Principles of a given jurisdiction, by FMI type. It is a direct download of all the information for one jurisdiction that is included in the online CPMI-IOSCO PFMI implementation database ([www.bis.org/pfmi/index.htm](http://www.bis.org/pfmi/index.htm) and [www.iosco.org/about/?subsection=cpmi\\_iosco](http://www.iosco.org/about/?subsection=cpmi_iosco)). It includes all Principles and all key considerations: for the ones where gaps were identified the last column provides details on key conclusions and recommendations. The online CPMI-IOSCO PFMI implementation database allows to search information by Principle across different jurisdictions.

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
CCP	1.0	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.			Consistent	<p>Recommendation: The EU is recommended to implement measures that clarify the scope of the “soundness” requirement.</p> <p>Key conclusion: EMIR’s requirement of “soundness” is interpreted to mean “legal certainty” as that term is used in this principle. Although EMIR and the RTS do not include explicit references to elements in KC4, the scope of the “soundness” requirement may be considered broad enough to include analysis of scenarios where actions by the CCP could be voided, reversed, or subject to stays. Any ambiguity is viewed as a minor difference that does not impact consistency with this Principle considered as a whole.</p>

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CCP	1.1	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	The legal basis should provide a high degree of certainty for each material aspect of an FMI's activities in all relevant jurisdictions.	RTS on CCP Requirements Art 5 (2) and 5(4)	Consistent	
CCP	1.2	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	An FMI should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations.	RTS on CCP Requirements Art 5 (1) to 5(4)	Consistent	
CCP	1.3	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	An FMI should be able to articulate the legal basis for its activities to relevant authorities, participants, and, where relevant, participants' customers, in a clear and understandable way.	RTS on CCP Requirements Art 5 (2), 5(4), 10(1)(b)(iv) and 10(1)(b)(vii), 10(1)  EMIR Art 38(2)	Consistent	
CCP	1.4	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	An FMI should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the FMI under such rules and procedures will not be voided, reversed, or subject to stays.	RTS on CCP Requirements Art 5 (2) and 5(4)	Consistent	EMIR's requirement of "soundness" is interpreted to mean "legal certainty" as that term is used in this principle. Neither EMIR or the RTS make an explicit reference to "the actions taken by the CCP under such rules and procedures will not be voided, reversed, or subject to stays," the "soundness" requirement may be considered broad enough to include such scenarios. This is viewed as a minor gap and does not impact the overall rating of this principle.
CCP	1.5	An FMI should have a well-founded, clear, transparent, and	An FMI conducting business in multiple jurisdictions should	RTS on CCP Requirements Art 5	Consistent	

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		enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.	(4)		
CCP	2.0	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC1 and KC3.</p> <p>Key conclusion: There are minor gaps in the context of KC1 and KC3 which are the basis for the rating. Specifically, EMIR and the RTS do not require the CCP itself to have objectives that explicitly support financial stability. KC1 sets out key elements of the headline standard. In addition, the rating reflects a minor gap with respect to KC3 (requirement that the board should review both its overall performance and the performance of its individual board members regularly).</p>
CCP	2.1	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	An FMI should have objectives that place a high priority on the safety and efficiency of the FMI and explicitly support financial stability and other relevant public interest considerations.	EMIR Art 23 and 24  CCP Requirements Art 7(2)(a)	Broadly consistent	<p>EMIR does not include a requirement that CCPs have objectives that include an emphasis on financial stability.</p> <p>Gap is created by the absence of requirements in legislation</p>

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						requiring that the FMI itself have objectives that explicitly support financial stability.
CCP	2.2	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	An FMI should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public.	EMIR Art 26(1) and Art 26(7)  RTS on CCP Requirements Art 3 (1), 3(3), 7(1), 7(6), 10(1) and 10 (2)	Broadly consistent	
CCP	2.3	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The roles and responsibilities of an FMI's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The board should review both its overall performance and the performance of its individual board members regularly.	EMIR Art 26(1), 27(3) and 33(1)  RTS on CCP Requirements Art 3 (5), 3(6), 7(1) and 7(5)  EMIR Art 33(2) to 33(5)  RTS on CCP Requirements Art 3 (4)	Broadly consistent	EMIR and the RTS reflect several elements of this KC except a requirement for the CCP board to review its overall performance and the performance of its individual board members regularly. The gap related to these reviews is considered minor.
CCP	2.4	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The board should contain suitable members with the appropriate skills and incentives to fulfil its multiple roles. This typically requires the inclusion of non-executive board member(s).	EMIR Art 27(2) and 27(3)	Broadly consistent	

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CCP	2.5	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The roles and responsibilities of management should be clearly specified. An FMI's management should have the appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the FMI.	EMIR Art 2(28) and 26(1)  RTS on CCP Requirements Art 3 (1), 3(3), 7(1), 7(3) and 7(6)	Broadly consistent	
CCP	2.6	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The board should establish a clear, documented risk-management framework that includes the FMI's risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision making in crises and emergencies. Governance arrangements should ensure that the risk-management and internal control functions have sufficient authority, independence, resources, and access to the board.	EMIR Art 26(1), 26(4), 27(3) and 48(1)  RTS on CCP Requirements Art 3 (1) and 3(6), 4(1) to 4(8), 6(1), 6 (2) and 11(1)	Broadly consistent	
CCP	2.7	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The board should ensure that the FMI's design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.	EMIR Art 36(1) and 38(2)  RTS on CCP Requirements Art 4 (5), 10(1) and 10(2)	Broadly consistent	

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CCP	3.0	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified.</p> <p>Key conclusion: The gap regarding KC4 is material and has influenced the overall rating. While the RTS require business continuity planning and the requirements for reverse stress testing require CCPs to identify scenarios (eg, financial losses) that would potentially prevent the FMI from being able to provide its critical operations and services as a going concern, there are no requirements to assess the effectiveness of a full range of options for recovery and orderly wind-down, and prepare appropriate plans for recovery or orderly wind-down. The fact that RTS on Capital Requirements require analysis of the time span required for wind-down is insufficient to fill this gap.</p>
CCP	3.1	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should have risk-management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by the FMI. Risk-management frameworks should be subject to periodic review.	RTS on CCP Requirements Art 3 (6), 4(1), 4(3) to 4(7)	Broadly consistent	

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CCP	3.2	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should provide incentives to participants and, where relevant, their customers to manage and contain the risks they pose to the FMI.	EMIR Art 37(3)  RTS on CCP Requirements Art 4 (1)	Broadly consistent	
CCP	3.3	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should regularly review the material risks it bears from and poses to other entities (such as other FMIs, settlement banks, liquidity providers, and service providers) as a result of interdependencies and develop appropriate risk-management tools to address these risks.	RTS on CCP Requirements Art 4 (2)	Broadly consistent	
CCP	3.4	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. An FMI should prepare appropriate plans for its recovery or orderly wind-down based on the results of that assessment. Where applicable, an FMI should also provide relevant authorities with the information needed for purposes of resolution planning.	RTS on CCP Requirements Art 17(1) to 17(6), 18(1) to 18(3), 19 (4)  RTS on Capital Requirements 2 (1) to 2(4)	Broadly consistent	While the RTS require business continuity planning, there are no requirements for CCPs to identify scenarios (eg, financial losses) that would potentially prevent the FMI from being able to provide its critical operations and services as a going concern, assess the effectiveness of a full range of options for recovery and orderly wind-down, and prepare appropriate plans for recovery or orderly wind-down. The fact that the RTS on Capital Requirements require analysis of the time span required for wind-down is insufficient to fill this gap.
CCP	4.0	An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising			Partly consistent	Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified,

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		<p>from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>				<p>particularly those related to KC4 and KC7.</p> <p>Key conclusion: he rationale for this rating is based on a significant gap regarding the absence of a requirement that an FMI establish ex ante rules and procedures that address how potentially uncovered credit losses would be allocated and the replenishment of financial resources an FMI may employ during a stress event as set forth in Key Consideration 7. There is also a minor gap regarding the absence of the requirement to document the CCP's supporting rationale and have appropriate governance arrangements relating to the amount of total financial resources the CCP maintains as set forth in Key Consideration 4.</p>
CCP	4.1	<p>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI</p>	<p>An FMI should establish a robust framework to manage its credit exposures to its participants and the credit risks arising from its payment, clearing, and settlement</p>	EMIR Art 40 and 41(1)		



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		<p>should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>	<p>processes. Credit exposure may arise from current exposures, potential future exposures, or both.</p>		Partly consistent	
CCP	4.2	<p>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its</p>	<p>An FMI should identify sources of credit risk, routinely measure and monitor credit exposures, and use appropriate risk-management tools to control these risks.</p>	<p>EMIR Art 41(1) to 41(4), 42 and 43</p> <p>RTS CCP Requirements Art 24 to 31</p>		

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		<p>credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>			Partly consistent	
CCP	4.4	<p>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high</p>	<p>A CCP should cover its current and potential future exposures to each participant fully with a high degree of confidence using margin and other prefunded financial resources (see Principle 5 on collateral and Principle 6 on margin). In addition, a CCP that is involved in activities with a more-complex</p>	<p>EMIR Art 41(1), 42(3) and 43(2)</p> <p>RTS on CCP Requirements Art 4 (1) to 4(7), 29(1) to 29(3), 30(1) to 30(3), 31, 35(1) to 35(3), 36 (1), 36(2), 53(1) and 53(2)</p>	Partly consistent	<p>There is a minor gap regarding the absence of the requirement to document the CCP's supporting rationale and have appropriate governance arrangements relating to the</p>

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		<p>degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>	<p>risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. In all cases, a CCP should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount of total financial resources it maintains.</p>			<p>amount of total financial resources the CCP maintains.</p>
CCP	4.5	<p>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each</p>	<p>A CCP should determine the amount and regularly test the sufficiency of its total financial resources available in the event of a default or multiple defaults in extreme but plausible market conditions through rigorous stress testing. A CCP should have clear procedures to report</p>	<p>EMIR Art 42(3) and Art 49(1)</p> <p>RTS on CCP Requirements Art 47(1) to 47(7), 48(1) to 48(4), 51(1) to 51(8), 52(1), 52(2), 53(1) to 53(5), 55(1) to 55(3), 56(1) to 56(5), 57(1) to 57(4), 59(1), 59(4), 59(5), 59(7), 59(11), 60(1) and 60(2)</p>		

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		<p>participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>	<p>the results of its stress tests to appropriate decision makers at the CCP and to use these results to evaluate the adequacy of and adjust its total financial resources. Stress tests should be performed daily using standard and predetermined parameters and assumptions. On at least a monthly basis, a CCP should perform a comprehensive and thorough analysis of stress testing scenarios, models, and underlying parameters and assumptions used to ensure they are appropriate for determining the CCP's required level of default protection in light of current and evolving market conditions. A CCP should perform this analysis of stress testing more frequently when the products cleared or markets served display high volatility, become less liquid, or when the size or concentration of positions held by a CCP's participants increases significantly. A full validation of a CCP's risk-management model should be performed at least annually.</p>		Partly consistent	
CCP	4.6	<p>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI</p>	<p>In conducting stress testing, a CCP should consider the effect of a wide range of relevant stress scenarios in terms of both defaulters' positions and possible price changes in</p>	<p>EMIR Art 42(3) and Art 49(1)</p> <p>RTS CCP Requirements Art 25 (1), 26(1), 26(2)(b), 26(3), 51(5), 53(3), 53(5) and 54(3)</p>		

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		<p>should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>	<p>liquidation periods. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions.</p>		Partly consistent	
CCP	4.7	<p>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its</p>	<p>An FMI should establish explicit rules and procedures that address fully any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the FMI. These</p>		Partly consistent	<p>There is no requirement in the current regulations that requires the CCP to establish ex ante rules and procedures that address how potentially uncovered credit losses would be allocated and the replenishment of financial</p>

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		<p>credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.</p>	<p>rules and procedures should address how potentially uncovered credit losses would be allocated, including the repayment of any funds an FMI may borrow from liquidity providers. These rules and procedures should also indicate the FMI's process to replenish any financial resources that the FMI may employ during a stress event, so that the FMI can continue to operate in a safe and sound manner.</p>			<p>resources the CCP may employ during a stress event.</p>
CCP	5.0	<p>An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.</p>			Consistent	
CCP	5.1	<p>An FMI that requires collateral to</p>	<p>An FMI should generally limit</p>	<p>EMIR Art 46(1)</p>	Consistent	

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		manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.	the assets it (routinely) accepts as collateral to those with low credit, liquidity, and market risks.	RTS CCP Requirements Art 38, 39 and Annex I, Sections 1–3		
CCP	5.2	An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.	An FMI should establish prudent valuation practices and develop haircuts that are regularly tested and take into account stressed market conditions.	EMIR Art 46(1)  RTS CCP Requirements Art. 39, 40 and Annex I, Section 1	Consistent	
CCP	5.3	An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.	In order to reduce the need for procyclical adjustments, an FMI should establish stable and conservative haircuts that are calibrated to include periods of stressed market conditions, to the extent practicable and prudent.	RTS on CCP Requirements Art 41	Consistent	
CCP	5.4	An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.	An FMI should avoid concentrated holdings of certain assets where this would significantly impair the ability to liquidate such assets quickly without significant adverse price effects.	RTS on CCP Requirements Art 42	Consistent	
CCP	5.5	An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit,	An FMI that accepts cross-border collateral should mitigate	EMIR Art 46(1)  RTS on CCP Requirements Art.	Consistent	

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		liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.	the risks associated with its use and ensure that the collateral can be used in a timely manner.	37, 44 and Annex I, Section 1		
CCP	5.6	An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.	An FMI should use a collateral management system that is well-designed and operationally flexible.	RTS on CCP Requirements Art 40	Consistent	
CCP	6.0	A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.			Consistent	
CCP	6.1	A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.	A CCP should have a margin system that establishes margin levels commensurate with the risks and particular attributes of each product, portfolio, and market it serves.	EMIR Art 41(4)  RTS CCP Requirements Art 24	Consistent	
CCP	6.2	A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.	A CCP should have a reliable source of timely price data for its margin system. A CCP should also have procedures and sound valuation models for addressing circumstances in which pricing data are not readily available or reliable.	EMIR Art 40  RTS CCP Requirements Art 47 (5) and 47(6)	Consistent	
CCP	6.3	A CCP should cover its credit exposures to its participants for all products through an effective	A CCP should adopt initial margin models and parameters that are risk-based and generate	EMIR Art 41(1) and 41(4)	Consistent	



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		margin system that is risk-based and regularly reviewed.	margin requirements sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default. Initial margin should meet an established single-tailed confidence level of at least 99 percent with respect to the estimated distribution of future exposure. For a CCP that calculates margin at the portfolio level, this requirement applies to each portfolio's distribution of future exposure. For a CCP that calculates margin at more-granular levels, such as at the subportfolio level or by product, the requirement must be met for the corresponding distributions of future exposure. The model should (a) use a conservative estimate of the time horizons for the effective hedging or close out of the particular types of products cleared by the CCP (including in stressed market conditions), (b) have an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products, and (c) to the extent practicable and prudent, limit the need for destabilising, procyclical changes.	RTS CCP Requirements Art 24 to 28		
CCP	6.4	A CCP should cover its credit exposures to its participants for	A CCP should mark participant positions to market and collect		Consistent	

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		all products through an effective margin system that is risk-based and regularly reviewed.	variation margin at least daily to limit the build-up of current exposures. A CCP should have the authority and operational capacity to make intraday margin calls and payments, both scheduled and unscheduled, to participants.	EMIR Art 40, 41(1) and 41(3)		
CCP	6.5	A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.	In calculating margin requirements, a CCP may allow offsets or reductions in required margin across products that it clears or between products that it and another CCP clear, if the risk of one product is significantly and reliably correlated with the risk of the other product. Where two or more CCPs are authorised to offer cross-margining, they must have appropriate safeguards and harmonised overall risk-management systems.	EMIR Art 41(4)  RTS CCP Requirements Art 27	Consistent	
CCP	6.6	A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.	A CCP should analyse and monitor its model performance and overall margin coverage by conducting rigorous daily backtesting and at least monthly, and more-frequent where appropriate, sensitivity analysis. A CCP should regularly conduct an assessment of the theoretical and empirical properties of its margin model for all products it clears. In conducting sensitivity analysis of the model's coverage, a CCP should take	EMIR Art 49(1)	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			into account a wide range of parameters and assumptions that reflect possible market conditions, including the most-volatile periods that have been experienced by the markets it serves and extreme changes in the correlations between prices.	RTS CCP Requirements Art 48 to 53, 56, 57, 59(3) to 59(5), 59(7) to 59(11) and 60		
CCP	6.7	A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.	A CCP should regularly review and validate its margin system.	EMIR Art 41(2) and 49(1)  RTS CCP Requirements Art 47(1) to 47(4), 47(7), 59(1) and 59(3)	Consistent	
CCP	7.0	An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.			Consistent	<p>Recommendation: The EU is recommended to implement measures that clarify the ambiguity in KC10.</p> <p>Key conclusion: The implementation measures in effect under EMIR and the RTS are generally consistent with the liquidity risk principle. A minor difference was observed with respect to KC10 that requires an FMI to establish explicit rules and procedures that indicate the FMI's process for the replenishment of liquidity resources. The liquidity plan required under EMIR Art 32(3) may be interpreted to include such rules. This difference is judged to not have a material impact on consistency with the Principle considered as a whole.</p>

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
CCP	7.1	An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.	An FMI should have a robust framework to manage its liquidity risks from its participants, settlement banks, nostro agents, custodian banks, liquidity providers, and other entities.	EMIR Art 44(1)  RTS CCP Requirements Art 32 (1) to 32(5)	Consistent	
CCP	7.2	An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.	An FMI should have effective operational and analytical tools to identify, measure, and monitor its settlement and funding flows on an ongoing and timely basis, including its use of intraday liquidity.	EMIR Art 40 and 44(1)  RTS CCP Requirements 32(1), 32(3) and 32(6)	Consistent	
CCP	7.4	An FMI should effectively measure, monitor, and manage	A CCP should maintain sufficient liquid resources in all	EMIR Art 44(1)	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</p>	<p>relevant currencies to settle securities-related payments, make required variation margin payments, and meet other payment obligations on time with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should consider maintaining additional liquidity resources sufficient to cover a wider range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions.</p>	<p>RTS CCP Requirements Art 32 (2) and 54(3)</p>		
CCP	7.5	<p>An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high</p>	<p>For the purpose of meeting its minimum liquid resource requirement, an FMI's qualifying liquid resources in each currency include cash at the central bank of issue and at creditworthy commercial banks, committed lines of credit, committed foreign exchange</p>	<p>RTS on CCP Requirements Art</p>	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</p>	<p>swaps, and committed repos, as well as highly marketable collateral held in custody and investments that are readily available and convertible into cash with prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions. If an FMI has access to routine credit at the central bank of issue, the FMI may count such access as part of the minimum requirement to the extent it has collateral that is eligible for pledging to (or for conducting other appropriate forms of transactions with) the relevant central bank. All such resources should be available when needed.</p>	<p>33(1) to 33(3)</p>		
CCP	7.6	<p>An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</p>	<p>An FMI may supplement its qualifying liquid resources with other forms of liquid resources. If the FMI does so, then these liquid resources should be in the form of assets that are likely to be saleable or acceptable as collateral for lines of credit, swaps, or repos on an ad hoc basis following a default, even if this cannot be reliably prearranged or guaranteed in extreme market conditions. Even if an FMI does not have access to routine central bank credit, it should still take account of what collateral is typically accepted by the relevant central</p>	<p>RTS on CCP Requirements Art</p>	<p>Consistent</p>	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			bank, as such assets may be more likely to be liquid in stressed circumstances. An FMI should not assume the availability of emergency central bank credit as a part of its liquidity plan.	33(1) to 33(3)		
CCP	7.7	An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.	An FMI should obtain a high degree of confidence, through rigorous due diligence, that each provider of its minimum required qualifying liquid resources, whether a participant of the FMI or an external party, has sufficient information to understand and to manage its associated liquidity risks, and that it has the capacity to perform as required under its commitment. Where relevant to assessing a liquidity provider's performance reliability with respect to a particular currency, a liquidity provider's potential access to credit from the central bank of issue may be taken into account. An FMI should regularly test its procedures for accessing its liquid resources at a liquidity provider.	RTS on CCP Requirements Art 33(4) to 33(6)	Consistent	
CCP	7.8	An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of	An FMI with access to central bank accounts, payment services, or securities services should use these services, where practical, to enhance its management of liquidity risk.		Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</p>		EMIR Art 47(3), (4), 50(1)		
CCP	7.9	<p>An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</p>	<p>An FMI should determine the amount and regularly test the sufficiency of its liquid resources through rigorous stress testing. An FMI should have clear procedures to report the results of its stress tests to appropriate decision makers at the FMI and to use these results to evaluate the adequacy of and adjust its liquidity risk-management framework. In conducting stress testing, an FMI should consider a wide range of relevant scenarios. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions. Scenarios should also take into account the design and operation of the FMI, include all</p>	RTS on CCP Requirements Art 47(1) to 47(4), 48, 51, 54, 56, 57, 59(2), 59(6), 59(7), 59(11)	Consistent	



FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			<p>entities that might pose material liquidity risks to the FMI (such as settlement banks, nostro agents, custodian banks, liquidity providers, and linked FMIs), and where appropriate, cover a multiday period. In all cases, an FMI should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount and form of total liquid resources it maintains.</p>	<p>and 60</p>		
CCP	7.10	<p>An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</p>	<p>An FMI should establish explicit rules and procedures that enable the FMI to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations on time following any individual or combined default among its participants. These rules and procedures should address unforeseen and potentially uncovered liquidity shortfalls and should aim to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations. These rules and procedures should also indicate the FMI's process to replenish any liquidity resources it may employ during a stress event, so that it can continue to operate in a safe and sound manner.</p>	<p>EMIR Art 44(1)</p> <p>RTS CCP Requirements Art 32 (2), 32(3) and 33(1)</p>	Consistent	<p>There is a minor gap regarding the absence of rules addressing the FMI's replenishment of liquidity resources as set forth in Key Consideration 10. Key Consideration 10 requires both rules and procedures to address the FMI's replenishment of liquidity resources, however, only ex ante procedures are established in the regulations in this regard.</p>
CCP	8.0	<p>An FMI should provide clear and</p>			Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.</p>				
CCP	8.1	<p>An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.</p>	<p>An FMI's rules and procedures should clearly define the point at which settlement is final.</p>	<p>EMIR Art 17(4) and 50(2)</p> <p>Directive 98/26/EC (Directive of the European Parliament and Council on settlement finality in payment and securities settlement systems)(SFD)</p> <p>CSDR 39(5)</p> <p>SFD Art 3(1) to 3(3), 4, 5, 6(1) to 6(3), 7 and 8</p>	Consistent	
CCP	8.2	<p>An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.</p>	<p>An FMI should complete final settlement no later than the end of the value date, and preferably intraday or in real time, to reduce settlement risk. An LVPS or SSS should consider adopting RTGS or multiple-batch processing during the settlement day.</p>	<p>EMIR Art 34(1)</p> <p>RTS on CCP Requirements Art 17(6)</p> <p>SFD Art 3(1) to 3(3), 4, 5, 6(1) to 6(3), 7 and 8</p> <p>CSDR Art 39</p>	Consistent	
CCP	8.3	<p>An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should</p>	<p>An FMI should clearly define the point after which unsettled payments, transfer instructions, or other obligations may not be revoked by a participant.</p>	<p>EMIR Art 50(2)</p> <p>SFD Art 3(1) to 3(3), 4, 5, 6(1) to</p>	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		provide final settlement intraday or in real time.		6(3), 7 and 8		
CCP	9.0	An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified.</p> <p>Key conclusion: The rating is driven by the importance of the gap with respect to KC5, specifically, while the Settlement Finality Directive clearly establishes finality of transfer when it occurs, there is no requirement in the current legislation that explicitly requires the CCP to state clearly when transfers on the books of individual settlement banks are expected to occur and when funds would be received in order to enable the FMI and its participants to manage credit and liquidity risks.</p>
CCP	9.1	An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.	An FMI should conduct its money settlements in central bank money, where practical and available, to avoid credit and liquidity risks.	EMIR Art 50(1)	Broadly consistent	
CCP	9.2	An FMI should conduct its money settlements in central bank money where practical and	If central bank money is not used, an FMI should conduct its money settlements using a	EMIR Art 50(1)		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.	settlement asset with little or no credit or liquidity risk.		Broadly consistent	
CCP	9.3	An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.	If an FMI settles in commercial bank money, it should monitor, manage, and limit its credit and liquidity risks arising from the commercial settlement banks. In particular, an FMI should establish and monitor adherence to strict criteria for its settlement banks that take account of, among other things, their regulation and supervision, creditworthiness, capitalisation, access to liquidity, and operational reliability. An FMI should also monitor and manage the concentration of credit and liquidity exposures to its commercial settlement banks.	EMIR Art 50(1)  RTS on CCP Requirements Art 32(4), 45(1) and 45(2)	Broadly consistent	
CCP	9.4	An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.	If an FMI conducts money settlements on its own books, it should minimise and strictly control its credit and liquidity risks.	EMIR Art 50(1)  RTS on Capital Requirements Art 4(1) to 4(3), 32 (4), 45(1) and 45(2)  SFD Art 3(1) to 3(3), 4, 5, 6(1) to 6(3), 7 and 8	Broadly consistent	
CCP	9.5	An FMI should conduct its money settlements in central bank money where practical and	An FMI's legal agreements with any settlement banks should state clearly when transfers on	EMIR Art 50(1) and 50(2)	Broadly consistent	While the settlement finality directive ensures finality of transfer when it occurs, there is

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.	the books of individual settlement banks are expected to occur, that transfers are to be final when effected, and that funds received should be transferable as soon as possible, at a minimum by the end of the day and ideally intraday, in order to enable the FMI and its participants to manage credit and liquidity risks.	RTS on CCP Requirements Art 32(4), 45(1) and 45(2)		no requirement in the current legislation that explicitly requires the CCP to state clearly when transfers on the books of individual settlement banks are expected to occur and when funds would be received in order to enable the FMI and its participants to manage credit and liquidity risks.
CCP	10.0	An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.			Consistent	
CCP	10.1	An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.	An FMI's rules should clearly state its obligations with respect to the delivery of physical instruments or commodities.	EMIR Art 50(2)  Markets in Financial Instruments Directive 2004/39/EC (known as 'MiFID'), definitions (1) – (10)	Consistent	
CCP	10.2	An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.	An FMI should identify, monitor, and manage the risks and costs associated with the storage and delivery of physical instruments or commodities.	RTS on CCP Requirements Art 4 (1) to 4(3)	Consistent	
CCP	12.0	If an FMI settles transactions that involve the settlement of two linked obligations (for			Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.</p>				
CCP	12.1	<p>If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.</p>	<p>An FMI that is an exchange-of-value settlement system should eliminate principal risk by ensuring that the final settlement of one obligation occurs if and only if the final settlement of the linked obligation also occurs, regardless of whether the FMI settles on a gross or net basis and when finality occurs.</p>	EMIR Art 50(1) to 50(3)	Consistent	
CCP	13.0	<p>An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.</p>			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified.</p> <p>Key conclusion: The rationale for this rating is based on a minor gap regarding the absence of rules addressing the FMI's replenishment of resources following a stress event as set forth in Key Consideration 1. Key Consideration 1 requires both rules and procedures to address the FMI's replenishment of resources. This includes both credit and liquidity resources. However, only ex ante procedures with respect to liquidity resources are established in the regulations in</p>

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
						this regard. There is no requirement for rules or procedures that address the replenishment of credit resources, or for rules that address the replenishment of liquidity resources. The rating reflects the relevance of Key Consideration 1 to the headline standard.
CCP	13.1	An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.	An FMI should have default rules and procedures that enable the FMI to continue to meet its obligations in the event of a participant default and that address the replenishment of resources following a default.	EMIR Art 42(1), 43(2) and 48(1)  RTS on CCP Requirements Art 5 (1), 32(2), 32(3) and 36(3)	Broadly consistent	There is a minor gap regarding the absence of rules addressing the FMI's replenishment of resources following a stress event. The Key Consideration requires both rules and procedures to address the FMI's replenishment of resources. This includes both credit and liquidity resources. However, only ex ante procedures with respect to liquidity resources are established in the regulations in this regard. There is no requirement for rules or procedures that address the replenishment of credit resources, or for rules that address the replenishment of liquidity resources.
CCP	13.2	An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures	An FMI should be well prepared to implement its default rules and procedures, including any appropriate discretionary procedures provided for in its rules.	EMIR Art 48(1) and 48 (2)		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		and continue to meet its obligations.			Broadly consistent	
CCP	13.3	An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.	An FMI should publicly disclose key aspects of its default rules and procedures.	RTS on CCP Requirements Art 5 (2), 10(1)(b)(i), (iv), (vii)(5), 10 (2), 10(3) and 61(2)	Broadly consistent	
CCP	13.4	An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.	An FMI should involve its participants and other stakeholders in the testing and review of the FMI's default procedures, including any close-out procedures. Such testing and review should be conducted at least annually or following material changes to the rules and procedures to ensure that they are practical and effective.	EMIR Art 28(3) and 49(2)  RTS on CCP Requirements Art 58 and 59(12)	Broadly consistent	
CCP	14.0	A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.			Consistent	
CCP	14.1	A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral	A CCP should, at a minimum, have segregation and portability arrangements that effectively protect a participant's customers' positions and related	EMIR Art 39	Consistent	



FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		provided to the CCP with respect to those positions.	collateral from the default or insolvency of that participant. If the CCP additionally offers protection of such customer positions and collateral against the concurrent default of the participant and a fellow customer, the CCP should take steps to ensure that such protection is effective.	RTS on CCP Requirements 5(2)		
CCP	14.2	A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.	A CCP should employ an account structure that enables it readily to identify positions of a participant's customers and to segregate related collateral. A CCP should maintain customer positions and collateral in individual customer accounts or in omnibus customer accounts.	EMIR Art 39(2), 39(3) and 39(9)	Consistent	
CCP	14.3	A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.	A CCP should structure its portability arrangements in a way that makes it highly likely that the positions and collateral of a defaulting participant's customers will be transferred to one or more other participants.	EMIR Art 48(5) and 48(6)	Consistent	
CCP	14.4	A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.	A CCP should disclose its rules, policies, and procedures relating to the segregation and portability of a participant's customers' positions and related collateral. In particular, the CCP should disclose whether customer collateral is protected on an individual or omnibus basis. In addition, a CCP should disclose any constraints, such	EMIR Art 38(2), 39(7) and 39(8)  RTS on CCP Requirements Art	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			as legal or operational constraints, that may impair its ability to segregate or port a participant's customers' positions and related collateral.	10(1)(b) (iv), (vii)(5)		
CCP	15.0	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.			Partly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC3 and KC5.</p> <p>Key conclusion: This rating is driven by the significant gaps regarding KC3 and KC5 and the absence of requirements that a CCP maintain ex ante a viable recovery or orderly wind-down plan, including a plan for raising additional equity should its equity fall close to or below the amount needed.</p>
CCP	15.1	A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.	An FMI should have robust management and control systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.	EMIR Art 16(2) and 26(1)  RTS on Capital Requirements Art 3(3), 3(5), 3(6), 4(1), 4(3) and 4(4)	Partly consistent	
CCP	15.2	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general	An FMI should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue	EMIR Art 16(2)		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.</p>	<p>operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by equity an FMI should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.</p>	<p>RTS on Capital Requirements Art 1(1), 3(1) to 3(7), 4(1) to 4(5), 5(1) and 5(2)</p>	<p>Partly consistent</p>	
CCP	15.3	<p>An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.</p>	<p>An FMI should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, an FMI should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements.</p>	<p>EMIR Art 16(2)</p> <p>RTS on Capital Requirements Art 2(1) to 2(4)</p>	<p>Partly consistent</p>	<p>There is no requirement in the current legislation that the FMI have ex ante a viable recovery or orderly window-down plan.</p>
CCP	15.4	<p>An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can</p>	<p>Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the FMI to meet its current and projected operating expenses under a</p>	<p>EMIR 47(1)</p> <p>RTS on Capital Requirements Art 2(4), 43(1), Annex II and Art 44(1)</p>		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.</p>	<p>range of scenarios, including in adverse market conditions.</p>		Partly consistent	
CCP	15.5	<p>An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.</p>	<p>An FMI should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.</p>	<p>RTS on Capital Requirements Art 1(1), 1(3), 1(4) and 5(1)</p>	Partly consistent	<p>The RTS require notification of authorities, and requires the CCP to meet standards, and to detect a risk of failure to do so, but does not require an ex ante viable plan by the CCP address what the CCP is to do when the CCP fails to meet the requirement.</p>
CCP	16.0	<p>An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.</p>			Consistent	
CCP	16.1	<p>An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments</p>	<p>An FMI should hold its own and its participants' assets at supervised and regulated entities that have robust accounting practices,</p>	<p>EMIR Art 47(3) to 47(5)  RTS on CCP Requirements Art</p>	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		should be in instruments with minimal credit, market, and liquidity risks.	safekeeping procedures, and internal controls that fully protect these assets.	44(1) to 44(3), 45(1) and 45(2)		
CCP	16.2	An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.	An FMI should have prompt access to its assets and the assets provided by participants, when required.	EMIR Art 47(1)  RTS on CCP Requirements Art 43(1), Annex II, and Art 44(1)	Consistent	
CCP	16.3	An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.	An FMI should evaluate and understand its exposures to its custodian banks, taking into account the full scope of its relationships with each.	EMIR Art 47(7)  RTS on CCP Requirements Art 45(1) to 45(7)	Consistent	
CCP	16.4	An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.	An FMI's investment strategy should be consistent with its overall risk-management strategy and fully disclosed to its participants, and investments should be secured by, or be claims on, high-quality obligors. These investments should allow for quick liquidation with little, if any, adverse price effect.	EMIR Art 47(1) and 47(7)  RTS on CCP Requirements Art 10(1)	Consistent	
CCP	17.0	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures,			Consistent	Recommendation: The EU is recommended to clarify that "minimum service levels" include both the CCP's operational performance objectives and committed service-level targets,

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		<p>and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.</p>				<p>and that the related policies and planning aspects of EMIR and the RTS cover both normal operating conditions and business continuity events.</p> <p>Key conclusion: The RTS on CCP requirements Article 17 paragraph 4 states, "The business continuity policy and disaster recovery plan shall contain clearly defined and documented arrangements for use in the event of a business continuity emergency, disaster or crisis which are designed to ensure a minimum service level of critical functions". The phrase "minimum service levels" can be interpreted to mean that a CCP clearly define operational reliability objectives. The planning required can be interpreted as the "policies in place that are designed to achieve those objectives." The rating reflects this interpretation.</p>
CCP	17.1	<p>An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity</p>	<p>An FMI should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.</p>	<p>EMIR Art 16(2)</p> <p>RTS on CCP Requirements Art 3 (6), 4(1), 4(3) to 4(7)</p>	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.		RTS on Capital Requirements Art 3(1) to 3(7)		
CCP	17.2	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.	An FMI's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the FMI's operational risk-management framework. Systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes.	EMIR Art 26(1), 26(4) and 49(1)  RTS on CCP Requirements Art 3 (6), 4(1) to 4(8), 6(1), 6(2), 11(1) to 11(5)  RTS on Capital Requirements Art 3(3)	Consistent	
CCP	17.3	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations	An FMI should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives.	RTS on CCP Requirements Art 4 (4), 17(1) to 17(7), 18(1) to 18 (3), 19(4)  RTS on Capital Requirements Art 3(3) to 3(5)	Consistent	The RTS on CCP requirements Article 17 paragraph 4 states, "The business continuity policy and disaster recovery plan shall contain clearly defined and documented arrangements for use in the event of a business continuity emergency, disaster or crisis which are designed to ensure a minimum service level of critical functions". The phrase "minimum service levels" can be interpreted to mean that a CCP clearly define operational

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.				reliability objectives. The planning required can be interpreted as the "policies in place that are designed to achieve those objectives."
CCP	17.4	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.	An FMI should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives.	RTS on CCP Requirements Art 9 (1)	Consistent	
CCP	17.5	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's	An FMI should have comprehensive physical and information security policies that address all potential vulnerabilities and threats.	RTS on CCP Requirements Art 9 (2) to 9(5)	Consistent	



FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		obligations, including in the event of a wide-scale or major disruption.		RTS on Capital Requirements Art 4(1) to 4(3)		
CCP	17.6	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.	An FMI should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the FMI to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The FMI should regularly test these arrangements.	RTS on CCP Requirements Art 17(1) to 17(7), 18(1) to 18(4), 19(1) to 19(4), 20(1), 20(2), 21(1) and 21(2)	Consistent	
CCP	17.7	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for	An FMI should identify, monitor, and manage the risks that key participants, other FMIs, and service and utility providers might pose to its operations. In addition, an FMI should identify, monitor, and manage the risks its operations might pose to other FMIs.	RTS on CCP Requirements Art 4	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.		(2)		
CCP	18.0	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.			Consistent	
CCP	18.1	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.	An FMI should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other FMIs, based on reasonable risk-related participation requirements.	EMIR Art 37(1) and 37(4)  RTS on Indirect Clearing Art 2 (1), 3(1) and 4(1)	Consistent	
CCP	18.2	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.	An FMI's participation requirements should be justified in terms of the safety and efficiency of the FMI and the markets it serves, be tailored to and commensurate with the FMI's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, an FMI should endeavour to set requirements that have the least-restrictive impact on access that circumstances permit.	EMIR Art 26(7), 37(2), (5), (6)  RTS on CCP Requirements Art 10(1)(b)(iv), (vii)(1) and 10(3)	Consistent	
CCP	18.3	An FMI should have objective, risk-based, and publicly	An FMI should monitor compliance with its participation requirements on an ongoing basis and have clearly defined	EMIR Art 37(2) and 48(1)  RTS on CCP Requirements Art	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		disclosed criteria for participation, which permit fair and open access.	and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.	10(1)(b)(i) and 10(1)(d) and 10(3)		
CCP	19.0	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.			Consistent	
CCP	19.1	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect participation in order to identify, monitor, and manage any material risks to the FMI arising from such tiered participation arrangements.	EMIR Art 4(3) and 37(3)  RTS on Indirect Clearing Art 2 to 5	Consistent	
CCP	19.2	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should identify material dependencies between direct and indirect participants that might affect the FMI.	RTS on CCP Requirements Art 4 (2), (3), 17(3) and 32(5)	Consistent	
CCP	19.3	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should identify indirect participants responsible for a significant proportion of transactions processed by the FMI and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the FMI in order to manage the risks arising from these transactions.	RTS on Indirect Clearing Art 3(2)	Consistent	

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CCP	19.4	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should regularly review risks arising from tiered participation arrangements and should take mitigating action when appropriate.	EMIR Art 37(3)	Consistent	
CCP	20.0	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.			Consistent	
CCP	20.1	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	Before entering into a link arrangement and on an ongoing basis once the link is established, an FMI should identify, monitor, and manage all potential sources of risk arising from the link arrangement. Link arrangements should be designed such that each FMI is able to observe the other principles in this report.	EMIR Art 52(1)  ESMA Guideline and Recommendation, 1 and 3  Detailed Guidelines and Recommendations (a)(i)	Consistent	
CCP	20.2	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	A link should have a well-founded legal basis, in all relevant jurisdictions, that supports its design and provides adequate protection to the FMIs involved in the link.	EMIR Art 52(1)  ESMA Guideline and Recommendation 1  Detailed Guidelines and Recommendations (b)(i)–(v)	Consistent	
CCP	20.7	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	Before entering into a link with another CCP, a CCP should identify and manage the potential spill-over effects from the default of the linked CCP. If a link has three or more CCPs, each CCP should identify,	EMIR Art 52(1)  ESMA Guideline and Recommendation 3 and Detailed Guidelines and Recommendations (ii) and (vi)	Consistent	

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			assess, and manage the risks of the collective link arrangement.	ESMA Guideline and Recommendation 4		
CCP	20.8	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	Each CCP in a CCP link arrangement should be able to cover, at least on a daily basis, its current and potential future exposures to the linked CCP and its participants, if any, fully with a high degree of confidence without reducing the CCP's ability to fulfil its obligations to its own participants at any time.	EMIR Art 40, Art 41(1) to 41(4), 52(1), 52(2)  ESMA Guideline and Recommendation 4  RTS on CCP Requirements Art 24(1) to 24(4)	Consistent	
CCP	21.0	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.			Partly consistent	Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC2 and KC3.  Key conclusion: There are significant shortcomings between EMIR/RTS and KC3; specifically the absence of a requirement for a CCP to have established mechanisms to review its efficiency. In addition, there is a minor gap with KC2 in that the EMIR legal framework does not include a requirement that the CCP's objectives and strategies be "measurable and achievable."
CCP	21.1	An FMI should be efficient and effective in meeting the	An FMI should be designed to meet the needs of its	EMIR Art 7(1) to 7(5), 8(1) to 8(4), 26(3) and 36(1)		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		requirements of its participants and the markets it serves.	participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.	ESMA Guideline and Recommendation on Interoperability Arrangements 2: Detailed Guidelines and Recommendations a) Documentation, subsections (i) and (ii)  RTS on CCP Requirements Art 5 (3), 9(2), 17(3) to 17(7)	Partly consistent	
CCP	21.2	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.	An FMI should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk-management expectations, and business priorities.	EMIR Art 17(5)  RTS on CCP Requirements Art 3 (4), 4(1), 4(3) to 4(5)	Partly consistent	RTS article 7(2)(a) requires a CCP's board to set "clear objectives and strategies" for the CCP; however there is no requirement that such objectives and strategies be measurable and achievable.
CCP	21.3	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.	An FMI should have established mechanisms for the regular review of its efficiency and effectiveness.	EMIR Art 26(1)  RTS on CCP Requirements Art 4 (7) and 10(2)	Partly consistent	While EMIR requires a CCP to assess the adequacy of its effectiveness, there is no specific requirement to establish mechanisms for the regular review of CCPs efficiency. The rating reflects the significance of this gap for the headline Principle.
CCP	22.0	An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.			Consistent	

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CCP	22.1	An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.	An FMI should use, or at a minimum accommodate, internationally accepted communication procedures and standards.	EMIR Art 38(4)  RTS on CCP Requirements Art 9 (2)	Consistent	
CCP	23.0	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.			Partly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified.</p> <p>Key consideration: While EMIR and the RTS do set a number of disclosure requirements on CCPs, the gap in KC 5 (specifically, the absence of a requirement that a CCP complete regularly and disclose publically) responses to the CPSS-IOSCO Disclosure Framework for FMIs) is significant and impacts a CCP's obligation and observance with this principle.</p>
CCP	23.1	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.	RTS on CCP Requirements Art 5 (2) and 10(1) to 10(3)	Partly consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
CCP	23.2	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should disclose clear descriptions of the system's design and operations, as well as the FMI's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the FMI.	EMIR Art 26(7) and 38(2)  RTS on CCP Requirements Art 4 (5), 10(1) and 10(3)	Partly consistent	
CCP	23.3	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the FMI's rules and procedures and the risks they face from participating in the FMI.	EMIR Art 38(2)  RTS on CCP Requirements Art 4 (5), 10(1) and 58(3)	Partly consistent	
CCP	23.4	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The FMI should provide clear descriptions of priced services for comparability purposes.	EMIR Art 38(1)  RTS on CCP Requirements Art 10(1)	Partly consistent	
CCP	23.5	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable	An FMI should complete regularly and disclose publicly responses to the CPSS-IOSCO Disclosure framework for	EMIR Art 38(3)	Partly consistent	Neither EMIR nor the RTS require CCPs to "complete regularly and disclose publicly responses to the CPSS-IOSCO



FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		<p>participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.</p>	<p>financial market infrastructures. An FMI also should, at a minimum, disclose basic data on transaction volumes and values.</p>			<p>Disclosure Framework.” This gap is considered a significant gap.</p>
TR	1.0	<p>An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.</p>			Partly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC1, KC3, KC4 and KC5.</p> <p>Key conclusion: While EMIR requires that a TR shall establish adequate policies and procedures sufficient to ensure that its activities are conducted in compliance with all of the provisions of EMIR, this is a narrower concept than the requirement that the FMI have an enforceable legal basis for each material aspect of its activities. In particular, there are thus significant gaps in the context of KC 1-regarding the requirement of a legal basis that provides a high degree of certainty for each material aspect of a TR’s activities (a standard that is broader than requiring a high degree of certainty of compliance with EMIR), KC 3-regarding the ability of a TR to articulate the legal basis for its activities in a clear and understandable</p>

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
						manner, and KC 5- regarding the identification and mitigation of risks arising from potential conflicts of laws in different jurisdictions. In addition, there is a significant gap in the context of KC 4 which sets out a key element of the headline standard with regard to rules and procedures which allow a TR to provide a high degree of certainty that actions related to its contracts will not be voided, reversed, or subject to stays.
TR	1.1	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	The legal basis should provide a high degree of certainty for each material aspect of an FMI's activities in all relevant jurisdictions.	EMIR Art 78(1), 78(3)  RTS and ITS on reporting  RTS and ITS on TR Registration  RTS on Access to Data  Technical standards on TR registration	Partly consistent	A significant gap is created by the absence of requirements in the referenced legislations that would provide legal certainty in each material aspect in all jurisdictions.
TR	1.2	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	An FMI should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations.	EMIR Art 78(3)  RTS on TR Registration Art 2, 4, 7, 8, and 20	Partly consistent	A minor gap is created by the lack of referenced legislations to fully (and directly) address this KC. Some of the requirements embodied in this KC are only addressed in an indirect manner via the TR registration process.
TR	1.3	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each	An FMI should be able to articulate the legal basis for its activities to relevant authorities,	EMIR Art 78(3)  RTS on TR Registration Art 2, 4,	Partly consistent	A significant gap is created by the absence of explicit requirements in referenced

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		material aspect of its activities in all relevant jurisdictions.	participants, and, where relevant, participants' customers, in a clear and understandable way.	7, 8, and 20		legislation for the articulation of legal basis by the FMI.
TR	1.4	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	An FMI should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the FMI under such rules and procedures will not be voided, reversed, or subject to stays.	EMIR Art 75, 77 and 78(5)	Partly consistent	<p>A significant gap is created by the lack of current regulations to provide a high degree of certainty that contracts would be enforceable in all jurisdictions.</p> <p>Furthermore, referenced legislation does not place any obligation on the TR to ensure consistency with this KC.</p>
TR	1.5	An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.	An FMI conducting business in multiple jurisdictions should identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.	EMIR Art 75(3)	Partly consistent	<p>A significant gap is created by the lack of requirements in the referenced legislations that directly address the requirements of this KC.</p> <p>Furthermore, current legislation does not place any obligation on the TR to ensure consistency with this KC.</p>
TR	2.0	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC1.</p> <p>Key consideration: There are minor gaps noted in the context</p>

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
						of KC1, KC2, KC3, KC4, KC6 and KC7 which are the basis for the rating.
TR	2.1	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	An FMI should have objectives that place a high priority on the safety and efficiency of the FMI and explicitly support financial stability and other relevant public interest considerations.	EMIR Art 78(4), 79 to 81  RTS on Access to Data Art 2(9)	Broadly consistent	A minor gap is created by the lack of clear requirements in the referenced legislations on obligation for the TR to have internal objectives that support financial stability and other relevant public interest considerations.
TR	2.2	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	An FMI should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public.	EMIR Art 78(1)  RTS on TR Registration Art 5	Broadly consistent	A minor gap is created by the lack of requirements in the referenced legislations for the TR to disclose governance arrangements to relevant parties.
TR	2.3	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The roles and responsibilities of an FMI's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The board should review both its overall performance and the performance of its individual board members regularly.	EMIR Art 78(1)  RTS Art 5, 8(b)  RTS on TR Registration Art 6, 10, 13 and 15	Broadly consistent	A minor gap is created by the lack of explicit requirements in the referenced legislations that the performance of the TR board should be reviewed "regularly".

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
TR	2.4	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The board should contain suitable members with the appropriate skills and incentives to fulfil its multiple roles. This typically requires the inclusion of non-executive board member(s).	EMIR Art 78(6)  RTS Art 6(1)  RTS on TR Registration Art 9	Broadly consistent	A gap is created by the lack of requirements in the referenced legislation for the inclusion of non-executive members on the TR board and for the board to have incentives to fulfil its role.  At the same time, the wording in the KC is somewhat more generic (by the use of “typically” as opposed to “should”).  Weighing the various factors together, the gap noted above is considered to be minor.
TR	2.5	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The roles and responsibilities of management should be clearly specified. An FMI’s management should have the appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the FMI.	EMIR Art 9, 78(1) and 78(6)  RTS on TR Registration Art 5 and 8(b)	Broadly consistent	
TR	2.6	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The board should establish a clear, documented risk-management framework that includes the FMI’s risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision making in crises and emergencies. Governance arrangements should ensure that the risk-management and	EMIR Art 78(1), 78(4), 79(1), 79 (2)  RTS on TR Registration Art 7, 8 and 21(a), (c), (d)	Broadly consistent	A minor gap is created by the absence of clear requirements in the referenced legislations on the need for the TR board to put in place a risk-management framework that requires

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			internal control functions have sufficient authority, independence, resources, and access to the board.			“decision making in crises and emergencies.”
TR	2.7	An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.	The board should ensure that the FMI’s design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.	EMIR Art 78(1), 78(7) and 78(8)	Broadly consistent	A significant gap is created by the lack of requirements in the referenced legislations that would compel the TR board to ensure the TR design, rules, overall strategy, and major decisions reflect appropriately the interest of the various stakeholders. Similarly, there is no explicit requirement that major decisions are required to be disclosed to relevant stakeholders.
TR	3.0	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.			Partly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC4.</p> <p>Key conclusion: The EU TR framework does not include requirements for a TR to provide incentives to participants to help manage and contain the risks they pose to TRs (KC 2) to assess the effectiveness of a full range of options for recovery and orderly wind-down, or to prepare appropriate plans for recovery or orderly wind-down (KC 4). The RTS on TR Registration requirement that a TR verify the accuracy of reports</p>

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
						does not imply a requirement that the TR provide incentives to participants. The fact that the RTS on TR Registration requires a TR to maintain liquid net assets funded by equity to cover general business losses in order to continue providing services as a going concern, or to ensure substitution once registration is withdrawn, is insufficient to fill the gap created by the lack of a requirement for ex ante planning.
TR	3.1	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should have risk-management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by the FMI. Risk-management frameworks should be subject to periodic review.	EMIR Art 55(4), 78(3), 79(1) and 81  RTS Art 7(3)(a), (b)  RTS 150/2013 Art 21  RTS on TR Registration Art 7 (3), 14 and 21	Partly consistent	A minor gap is created by the absence of requirements in the referenced legislations that the risk-management frameworks should be subject to periodic review.
TR	3.2	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should provide incentives to participants and, where relevant, their customers to manage and contain the risks they pose to the FMI.	EMIR Art 12  RTS on TR Registration Art 18 (a) to (c), 19(b)	Partly consistent	A minor gap is identified where the EU TR regulatory framework does not appear to require that a TR provide incentives as set forth in this key consideration.
TR	3.3	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should regularly review the material risks it bears from and poses to other entities (such as other FMIs, settlement banks, liquidity providers, and service providers) as a result of	RTS 150/2013, Art 21  EMIR Art 78(5), (7)		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			interdependencies and develop appropriate risk-management tools to address these risks.		Partly consistent	
TR	3.4	An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.	An FMI should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. An FMI should prepare appropriate plans for its recovery or orderly wind-down based on the results of that assessment. Where applicable, an FMI should also provide relevant authorities with the information needed for purposes of resolution planning.	EMIR Art 79  RTS on TR Registration Art 20	Partly consistent	Currently there is no draft legislation on recovery and resolution. EU authorities have indicated that this legislation is forthcoming (in draft form) later on in 2014.
TR	15.0	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.			Partly consistent	Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC1, KC3, and KC5.  Key conclusion: There are significant gaps with respect to the requirements for a viable plan for recovery or orderly wind-down (KC 3) and with respect to plans to raise additional equity should that become necessary (KC 5).
TR	15.1	An FMI should identify, monitor, and manage its general	An FMI should have robust management and control	EMIR Art 78(1)	Partly consistent	A minor gap is created by the lack of requirements in the



FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.	systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.	RTS 150/2013, Art 21  RTS on TR Registration Art 21 (a), (b)		referenced legislations that the TR board “have robust management and control systems to identify, monitor, and manage general business risks”.
TR	15.2	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.	An FMI should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by equity an FMI should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.	RTS on TR Registration Art 21	Partly consistent	
TR	15.3	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise.	An FMI should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, an FMI should hold liquid net assets funded by equity equal to at least six months of current operating	EMIR Art 79  RTS on TR authorisation Art 21	Partly consistent	Current legislation does not place any requirement on the TR to ex ante have a viable recovery or orderly wind-down plan. This represents a significant gap.  EU authorities have indicated

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.	expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements.			that this legislation is forthcoming (in draft form) later on in 2014.)
TR	15.4	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.	Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the FMI to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions.	RTS Art 21(b)	Partly consistent	A minor gap is created by the absence of explicit mention in referenced legislations of the need to have high-quality assets. The assessment team considers that assets having a short maturity do not automatically imply they are of high-quality in all circumstances (as asserted by EU authorities).
TR	15.5	An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to	An FMI should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.	EMIR Art 55(4) RTS Art 12(1), 12(2), 21(b) RTS on TR Registration Art 21	Partly consistent	A significant gap is created by the absence of requirements in the referenced legislations for the TR to have ex ante a plan for raising additional equity if

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		ensure a recovery or orderly wind-down of critical operations and services.				required and for that plan to be reviewed regularly.
TR	17.0	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC2, KC6, and KC7.</p> <p>Key conclusion: There are gaps identified for KC2 (no requirement that systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes), KC6 (maximum recovery time objective of next business day instead of two hours) and KC7 (absence of requirement to consider risks posed to other FMIs) are considered (in context) to pose a minor impact on consistency with respect to this principle.</p>
TR	17.1	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable	An FMI should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.	EMIR Art 79		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.			Broadly consistent	
TR	17.2	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.	An FMI's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the FMI's operational risk-management framework. Systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes.	EMIR Art 21 (a), 78 and 79  RTS Art 2(3)(a) , (b), 7(2)(b) and 7(3)(a)  RTS 150/2013, Art 21  RTS on TR Registration Art 21	Broadly consistent	A significant gap is created by the lack of clear requirements in the referenced legislations that address the second part of the KC (relating to periodic test of systems, operation, etc.)
TR	17.3	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for	An FMI should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives.	RTS on TR Registration Art 21		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.			Broadly consistent	
TR	17.4	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.	An FMI should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives.	EMIR Art 79(1)  RTS on TR Registration Art 21	Broadly consistent	
TR	17.5	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's	An FMI should have comprehensive physical and information security policies that address all potential vulnerabilities and threats.	EMIR Art 80(1)		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		obligations, including in the event of a wide-scale or major disruption.			Broadly consistent	
TR	17.6	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.	An FMI should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the FMI to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The FMI should regularly test these arrangements.	EMIR Art 79(2)  RTS on TR Registration Art 21  RTS 150/2013, Art 21	Broadly consistent	A significant gap is created by the absence of requirements in the referenced legislations for the TR to ensure that the critical systems will need to be resumed within two hours following the disruption.
TR	17.7	An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations	An FMI should identify, monitor, and manage the risks that key participants, other FMIs, and service and utility providers might pose to its operations. In addition, an FMI should identify, monitor, and manage the risks its operations might pose to other FMIs.	RTS on TR Registration Art 21 (a)  RTS 150/2013, Art 21	Broadly consistent	There are no requirements in the referenced legislations for the TR to identify and monitor the risks that the TR may pose

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.				to other FMIs. This is considered a minor gap.
TR	18.0	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.			Consistent	
TR	18.1	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.	An FMI should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other FMIs, based on reasonable risk-related participation requirements.	EMIR Art 78(7) RTS on TR Registration Art 18	Consistent	
TR	18.2	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.	An FMI's participation requirements should be justified in terms of the safety and efficiency of the FMI and the markets it serves, be tailored to and commensurate with the FMI's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, an FMI should endeavour to set requirements that have the least-restrictive impact on access that circumstances permit.	EMIR Art 78(7) RTS on TR Registration Art 18	Consistent	
TR	18.3	An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.	An FMI should monitor compliance with its participation requirements on an ongoing basis and have clearly defined and publicly disclosed	EMIR Art 78(7)	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.	RTS on TR Registration Art 19		
TR	19.0	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.			Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC1 and KC2.</p> <p>Key conclusion: There is a major gap in the context of KC 2 regarding the requirement that a TR identify material dependencies between direct and indirect participants that might affect the TR. However, in the context of the Principle as a whole, this gap has only a minor effect on consistency.</p> <p>The overall risk management framework used by ESMA (as alluded to in RTS Art 21) is viewed as helping address a part of this principle.</p> <p>However, gaps are still considered to exist, in particular with respect to KC2.</p>
TR	19.1	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect	EMIR Art 9(1), 9(4), 78 and 79 RTS 148/2013 Art 1(5)	Broadly consistent	While there are no specific requirements in EMIR or RTS that address this KC, the overall risk management specified in Art



FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			participation in order to identify, monitor, and manage any material risks to the FMI arising from such tiered participation arrangements.	RTS 150/2013 Art 7, 19 (a), (b), (d) and 21  Table 1 to the annexes to the RTS and ITS on Reporting.		21 (a) is viewed as covering some/most parts.
TR	19.2	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should identify material dependencies between direct and indirect participants that might affect the FMI.	EMIR Art 9(1), 9(4), 78 and 79  RTS 148/2013 Art 1(5)  RTS 150/2013 Art 7, 19 (a), (b), (d) and 21  Table 1 to the annexes to the RTS and ITS on Reporting.	Broadly consistent	There are no specific articles in EMIR or RTS that address the requirements of this KC.
TR	19.3	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should identify indirect participants responsible for a significant proportion of transactions processed by the FMI and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the FMI in order to manage the risks arising from these transactions.	EMIR Art 9(1), 9(4), 78 and 79  RTS 148/2013 Art 1(5)  RTS 150/2013 Art 7, 19 (a), (b), (d) and 21  Table 1 to the annexes to the RTS and ITS on Reporting.	Broadly consistent	
TR	19.4	An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.	An FMI should regularly review risks arising from tiered participation arrangements and should take mitigating action when appropriate.	EMIR Art 9(1), 9(4), 78 and 79  RTS 148/2013 Art 1(5)  RTS 150/2013 Art 7, 19 (a), (b),		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
				(d) and 21  Table 1 to the annexes to the RTS and ITS on Reporting.	Broadly consistent	
TR	20.0	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.		EMIR Art 78 and 79  RTS 150/2013 Art 7, 19 and 21	Broadly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified.</p> <p>Key conclusion: The assessment team considers that the exchange of files between TRs can be viewed as a link given the failure of the link could affect the major feature of a TR (e.g. availability of timely completed and accurate data of reporting entities).</p> <p>The gaps identified for KC2 (absence of requirement to have a well-founded legal basis) is considered, in the context of the Principle as a whole, to pose a minor impact on consistency with respect to this principle.</p>
TR	20.1	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	Before entering into a link arrangement and on an ongoing basis once the link is established, an FMI should identify, monitor, and manage all potential sources of risk arising from the link arrangement. Link arrangements should be	RTS 150/2013 Art 21	Broadly consistent	RTS Art 21 is viewed as addressing a large part of this KC. However, it is not clear how and where the second part of this KC ("Link arrangements

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			designed such that each FMI is able to observe the other principles in this report.			should be designed such that....”) is addressed.
TR	20.2	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	A link should have a well-founded legal basis, in all relevant jurisdictions, that supports its design and provides adequate protection to the FMIs involved in the link.	RTS 150/2013 Art 21	Broadly consistent	There are no articles in EMIR or RTS that seem to address the requirements of this KC.
TR	20.9	An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.	A TR should carefully assess the additional operational risks related to its links to ensure the scalability and reliability of IT and related resources.	EMIR Art 78 and 79 RTS 150/2013 Art 7, 19 and 21	Broadly consistent	It is not clear whether (and how) the overall risk management framework used by ESMA would cover this KC. This is viewed as a significant gap.
TR	21.0	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.			Partly consistent	Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC2 and KC3.  Key conclusion: The rating for this principle reflects the gaps with respect to a lack of requirement for the regular review of efficiency (KC 3) and a requirement for clearly defined goals and objectives that is limited to business continuity and is thus overly narrow.
TR	21.1	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.	An FMI should be designed to meet the needs of its participants and the markets it serves, in particular, with regard	RTS on TR Registration Art 18, 22 and 23		

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
			to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.		Partly consistent	
TR	21.2	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.	An FMI should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk-management expectations, and business priorities.	EMIR Art 78(4)  RTS 150/2013, Art 21	Partly consistent	A minor gap is created by the lack of requirements in the referenced legislations for the TR to have clearly defined goals and objectives that are measurable and achievable.
TR	21.3	An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.	An FMI should have established mechanisms for the regular review of its efficiency and effectiveness.	EMIR Art 55(4)  RTS 150/2013, Art 8  RTS on TR Registration Art 16 and 21	Partly consistent	A significant gap is created by the absence of requirements in the referenced legislations for the TR to have established mechanisms for regular reviews.
TR	22.0	An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.			Consistent	
TR	22.1	An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.	An FMI should use, or at a minimum accommodate, internationally accepted communication procedures and standards.	EMIR recital 98EMIR Art 81(5)	Consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
TR	23.0	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.			Partly consistent	<p>Recommendation: The EU is recommended to implement measures that address the gaps or inconsistencies identified, particularly those related to KC1, KC3, and KC5.</p> <p>Key conclusion: The rating for this principle reflects significant gaps with respect to KC1 (no requirement for the disclosure of rules and procedures other than access criteria), 3 (absence of requirement to provide documentation and training to facilitate participant understanding of the FMI's rules and procedures (outside of access criteria) and the risks that participants face from participating in the FMI. and 5 (absence of requirement to complete regularly and disclose publically the CPSS-IOSCO Disclosure Framework).</p>
TR	23.1	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.	EMIR Art 78(7)  RTS Art 18 and 20(c)	Partly consistent	A significant gap is created by the absence of requirements in the referenced legislations on the disclosure of rules and procedures by the TR.
TR	23.2	An FMI should have clear and	An FMI should disclose clear	EMIR Art 78(7)	Partly	A minor gap is created by the

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	descriptions of the system's design and operations, as well as the FMI's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the FMI.		consistent	absence of requirements in the referenced legislations requiring disclosure of system's design and operation (which is relevant information for participants to assess the risk that might incur by participating in a TR).
TR	23.3	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the FMI's rules and procedures and the risks they face from participating in the FMI.	EMIR Art 78(7), (8)  RTS Art 23(c)	Partly consistent	A significant gap is created by the absence of requirements in the referenced legislations on the disclosure of relevant documents to participants.
TR	23.4	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The FMI should provide clear descriptions of priced services for comparability purposes.	EMIR Art 78(8)	Partly consistent	
TR	23.5	An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate	An FMI should complete regularly and disclose publicly responses to the CPSS-IOSCO Disclosure framework for financial market infrastructures.	RTS on Access to Data Art 1	Partly consistent	

FMI Type	Principle or key consideration ID	Principle	Key consideration	Implementation measures	Principle rating	Assessment comments (ie key conclusions and recommendations)
		understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	An FMI also should, at a minimum, disclose basic data on transaction volumes and values.			There is currently no draft legislation on this KC.
TR	24.0	A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.			Consistent	
TR	24.1	A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.	A TR should provide data in line with regulatory and industry expectations to relevant authorities and the public, respectively, that is comprehensive and at a level of detail sufficient to enhance market transparency and support other public policy objectives.	RTS on Access to Data Art 2 and 81(1)	Consistent	
TR	24.2	A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.	A TR should have effective processes and procedures to provide data to relevant authorities in a timely and appropriate manner to enable them to meet their respective regulatory mandates and legal responsibilities.	EMIR Art 81	Consistent	
TR	24.3	A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.	A TR should have robust information systems that provide accurate current and historical data. Data should be provided in a timely manner and in a format that permits it to be easily analysed.	EMIR Art 9, 80(3) and 81(2)	Consistent	