

BETTER FINANCE's response to the Commission's proposed regulation as regards the procedures and authorities involved for the authorization of CCPs and requirements for the recognition of third-country CCPs.

**BETTER FINANCE**, the European Federation of Investors and Financial Services Users, is the dedicated representative of financial services users at European level. It counts about fifty national and international members and sub-member organizations in turn comprising about 4.5 million individual members. Our organization acts as an independent financial expertise centre to the direct benefit of the European financial services users (shareholders, other investors, savers, pension fund participants, life insurance policy holders, borrowers, etc.) and other stakeholders of the European financial services who are independent from the financial industry.

**BETTER FINANCE** is the most involved European end user and civil society organisation in the EU Authorities' financial advisory groups, with experts participating in the Securities & Markets, the Banking, the Occupational Pensions and Insurance and Reinsurance Stakeholder Groups of the European Supervisory Authorities; as well as in the European Commission's Financial Services User Group (FSUG), and in the European Financial Reporting advisory Group (EFRAG). Its national members also participate in national financial regulators and supervisors bodies when possible.

For further details please see our website: <http://betterfinance.eu/>

BETTER FINANCE welcomes the opportunity to comment on the Commission's proposed regulation as regards the procedures and authorities involved for the authorization of CCPs (central counterparties) and requirements for the recognition of third-country CCPs.

BETTER FINANCE supports the main elements of this proposal introducing a more pan-European approach to the supervision of EU and third countries CCPs which would enhance the oversight of the Union and third countries CCPs, lead to further supervisory convergence, to stronger and more effective cooperation between the supervisors, and to foster financial stability and competition.

The review of this framework is all the more important since CCPs have progressively expanded following the G20 commitment to increase the transparency of derivative contracts traded over-the-counter (OTC) by imposing an obligation to centrally clear liquid and

standardized contracts via CCPs. As such the proposal of the Commission entails closer cooperation between supervisory authorities and central banks.

BETTER FINANCE believes it is important that euro-denominated capital markets are supervised by the EU authorities in order to protect the interest of EU households as financial services users, savers, investors, borrowers, insured people and pension participants.

Derivatives, even though they are often not directly used by retail financial users, they are impacting heavily the products and services they use such as investments, pension funds and borrowings, especially when they are euro-denominated, included or are linked to euro-denominated indices, benchmarks or currencies. That is why enhancing the reviewing of the CCPs supervisory framework is of significance for retail investors and other financial services users. This proposal aims to enhance EU authorities' supervisory role. It would strengthen ESMA's ability to promote convergence with the supervision of the CCPs with a "*CCP executive session*" within the Board of supervisors of ESMA to supervise Union and third countries CCPs. This "*CCP Executive Session*" will include members from the European Commission, the European Central Bank (ECB) and representatives of the National Competent Authorities (NCAs) where the CCP is established. The role of the ECB will be strengthened with this permanent membership within the *CCP Executive Session*.

ESMA's supervisory powers will be strengthened regarding access to information, general investigations, on-site inspections and powers in case of infringements. The role of ESMA will also be enhanced to effectively supervise third-country CCPs that apply for recognition to provide clearing services in the Union.

BETTER FINANCE welcomes this proposal which reinforce ESMA and ECB's roles in the supervisory structure of the CCPs. We also support the location policy of the European Commission. However, more supervision from EU authorities must not be exercised to the detriment of the principles of proportionality and subsidiarity. Given their proximity with the market players, it is crucial that NCAs have an important role to play in the supervisory scheme of the CCPs. Similarly, it has to be ensured that individual investors, who are still market participants (even if to a lesser extent than before Mifid I which has dramatically reduced the share of regulated markets in listed securities transactions), don't suffer any ill effect from the outcome of this debate.

Moreover, BETTER FINANCE warns that increasing the supervisory system and this location policy may restrict the choice of the clearing venues which could lead to a geographic concentration. In turn such a concentration could generate price increases for financial services users.