



Dear Sir/Madame:

The Securities Industry and Financial Markets Association (“SIFMA”) welcomes the opportunity to provide feedback on the European Commission (“EC”) Draft Implementing Regulation that would extend the transitional periods related to own funds requirements for exposures to central counterparties (“CCPs”) set out in Regulations (EU) No 575/2013 and (EU) No 648/2012 of the European Parliament and of the Council. The Draft Regulation would extend the current transitional periods to June 15, 2017 from the current expiration of December 15, 2016. SIFMA and its members support this extension, as it will enable the continued thorough assessment of regimes still subject to equivalence determinations by the EC, while avoiding unnecessary market and liquidity disruptions.

Under the European Market Infrastructure Regulation (“EMIR”), third country CCPs must be recognized by European Securities and Markets Authority (“ESMA”) to be deemed a Qualifying Central Counterparty (“QCCP”) under the EU Capital Requirements Regulation (“CRR”). As a pre-requisite, however, the EC must first deem the legal and supervisory frameworks of such third country CCPs as equivalent. Upon the expiration of current relief, European firms will incur onerous capital charges if they continue to access third country CCPs that have not yet been recognized by ESMA (i.e., non-QCCPs), effectively barring them from such activity. Thus, it remains critically important that the EC be provided with the time necessary to conduct equivalence assessments of the legal and supervisory frameworks of other third country CCPs, given that these findings are a prerequisite for recognition by ESMA.

SIFMA member firms trade and provide clearing services on a cross-border basis. Expiration of the current transitional relief absent recognition of certain key third country CCPs will have a significantly detrimental impact on markets, and both EU and U.S. participants, as some products are cleared on only certain CCPs that are subject to the oversight of the U.S. Securities and Exchange Commission (“SEC”), for whom the EC has not yet reached an equivalence determination. In the listed options space, for example, certain impacted EU market participants would be forced to exit the listed U.S. equities options markets in the U.S., and in some instances, the underlying U.S. equities markets as well, given the significant capital charges they would incur for clearing options on a non-QCCP. Such a result stands to undermine regulatory risk mitigation goals, decreasing liquidity and widening bid-ask spreads in this market, and pushing market

participants to non-cleared equity options markets. We encourage the EC, ESMA and the SEC to conclude equivalence determinations as soon as possible.

As the EC continues its ongoing efforts towards equivalence determinations, SIFMA believes that extending the transitional provisions under the CRR is necessary to avoid these detrimental outcomes and ensure continuous access to these markets during this important process. We appreciate the opportunity to provide comments supporting the extension, and welcome any questions you may have regarding the foregoing.

SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$20 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.