1. **What is a QCCP?**
   - A qualifying central counterparty (QCCP) is an entity that is licensed to operate as a CCP (including a license granted by way of confirming an exemption), and is permitted by the appropriate regulator/overseer to operate as such with respect to the products offered. This is subject to the provision that the CCP is based and prudentially supervised in a jurisdiction where the relevant regulator/overseer has established, and publicly indicated that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMIs).
   - In addition, for a CCP to be considered a QCCP, the CCP must make available or calculate required data for the purposes of calculating the capital requirements for default fund exposures.

2. **Is CME a QCCP?**
   - Through review of the principle guidance established in the Basel Committee on Banking Supervision Interim Capital Framework (BCBS227) and proposed guidance in both the U.S. and European Union, CME meets the criteria established for a Qualified CCP at its U.S. and European clearinghouses. The determination is consistent across all of our product offerings (Futures/Options, IRS, CDS). As referenced in BCBS237, related to the determination of QCCP through adherence to the PFMIs, the CFTC (for CME U.S. clearinghouse) and BOE/FSA (for CME European clearinghouse) have finalized rules implementing the PFMIs. Further, pursuant to paragraphs 122 and 123 of BCBS227, CME confirms that it computes capital requirements under Method 1 in accordance with the specified template and provides results directly to clearing members.
   - As explained in more detail below, based on its previous recognized overseas clearing house (ROCH) status with the Bank of England and subsequent application for recognition as a Third Country CCP with European Securities and Markets Authority (ESMA), CME will continue to qualify as a QCCP on an interim basis in the EU pursuant to the Commission Implementing Regulation (EU) No 1317/2014 of 11 December 2014 on the extension of the transitional periods related to own funds requirements for exposures to central counterparties in Regulations (EU) No 575/2013 and (EU) No 648/2012 of the European Parliament and of the Council until June 15, 2015. Should CME receive recognition from ESMA prior to this date, it would rely on that recognition for European clients to be able to continue to treat it as a QCCP.

3. **Is CME currently authorized to offer clearing services for products in the UK and other EU jurisdictions?**
In June 2007, the United Kingdom’s Financial Services Authority granted CME Clearing the status of a Recognized Overseas Clearing House (ROCH). ROCH status enables CME Clearing to offer clearing services for products in the UK jurisdiction.

i. European Market Infrastructure Regulation (EMIR) regulation No 648/2012 (EMIR) of 4th of July 2012 lays down clearing and reporting requirements for over-the-counter (OTC) derivative contracts and uniform requirements for the performance of activities of central counterparties and trade repositories. Central counterparties (CCPs) must be authorized - or recognized in case of a CCP from a third country - to clear under the new EMIR regime. CCPs that are currently providing clearing services in the EU need to apply for authorization or recognition under EMIR by September 15, 2013. CME is currently working on its application for third country CCP recognition.

o As stated in #2 above, CME’s previous ROCH status and subsequent application for Third Country CCP Recognition under EMIR will allow it to continue operating under the “respective national rules on authorization and recognition of CCPs” under EMIR Article 89(4) until June 15, 2015 or recognition is received from ESMA, whichever is earlier.

CME Group also has a clearinghouse in Europe, called CME Clearing Europe (CMECE), which is a wholly-owned subsidiary of CME Group. CMECE is a London-based authorized central counterparty under EMIR for OTC commodity and financial derivatives, regulated and supervised by the Bank of England.

---

i  http://www.bis.org/publ/bcbs227.pdf
