

TO: Clearing Member Firms  
Chief Financial Officers  
Back Office Managers

FROM: CME Clearing

ADVISORY #: 16-231

SUBJECT: CME Inc. Receives ESMA Recognition as Third-Country Central Counterparty

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Effective Tuesday, June 14th, CME Inc. has been granted recognition as a third-country (non-EU) CCP by the European Securities and Markets Authority (“ESMA”) to offer clearing services in the EU.

Recognition status permits CME Inc. the following:

- **Provision of clearing services:** CCPs established in third countries may only provide clearing services in the EU if they have been granted recognition by ESMA
- **QCCP status:** Under EU law, CCPs must have QCCP status for EU-based bank affiliated clearing members to receive favorable capital treatment under Basel III for the exposures they have to such CCPs
- **EU clearing obligation:** Market participants can only satisfy their clearing obligation by clearing mandated products through an authorized (EU-based) or a recognized (third country) CCP

In conjunction with the recognition process, CME Inc. has implemented new practices and rules consistent with the conditions outlined in the European Commission’s implementing decision on equivalence of the US regulatory framework. These changes are outlined in prior CME Clearing advisories:

- 1) 4/29/16: Outline new Rule 826 detailing the regulation-driven changes to the rulebook related to EMIR equivalence  
<http://www.cmegroup.com/notices/clearing/2016/04/Chadv16-191.pdf>
- 2) 5/24/16: Confirming the effective date (5/25 RTH) of the margin changes  
<http://www.cmegroup.com/notices/clearing/2016/05/Chadv16-213.pdf>

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