



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Andrea Enria

Chair of the Supervisory Board

ECB-RESTRICTED

International Capital Market Association
International Swaps and Derivatives Association
Bundesverband deutscher Banken
International Securities Lending Association
Futures Industry Association

Via email

Frankfurt am Main, 4 November 2019

AE-2019-0008-O

Industry letter on the process regarding recognition of contractual netting agreements as risk-reducing

Dear Sir or Madam,

Thank you for your letter regarding the notification process as specified in the ECB's letter to significant credit institutions of 10 October 2019, in which you point out to market's questions as regards the interpretation, practical application and underlying objectives of the notification process.

First of all, we would like to note the following, underlining at the outset that the notification process does not affect the netting agreements which are already treated as risk reducing nor does it establish or intends to establish new substantive requirements in addition to those with which the significant institution must already comply under Articles 295 to 298 of Regulation (EU) No 575/2013 of the European Parliament and of the Council¹.

The underlying objective of the notification process is to provide the ECB with the unified information on the compliance of credit institutions with Regulation (EU) No 575/2013 and thus to facilitate the ECB's task in

¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

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this recognition process. The new process aims to only provide the means banks should use in order to notify new types of contractual netting agreements (or where already recognised types of netting agreements are used with new types of counterparties and/or in new jurisdictions). Therefore, no new notification is required with regard to types of netting agreements with counterparties in the jurisdictions where netting agreements are already treated as risk reducing.

In order to understand in greater detail the questions that you may have, we would be available to host a teleconference with you early this week.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrea Enria', written in a cursive style.

Andrea Enria