

Regulation (EU) No 648/2012 of the European Parliament
and of the Council of 4 July 2012 on OTC derivatives, central
counterparties and trade repositories (Text with EEA relevance)

TITLE IV

REQUIREMENTS FOR CCPs

CHAPTER 3

Prudential requirements

Article 40

Exposure management

A CCP shall measure and assess its liquidity and credit exposures to each clearing member and, where relevant, to another CCP with which it has concluded an interoperability arrangement, on a near to real-time basis. A CCP shall have access in a timely manner and on a non-discriminatory basis to the relevant pricing sources to effectively measure its exposures. This shall be done on a reasonable cost basis.

Article 41

Margin requirements

1 A CCP shall impose, call and collect margins to limit its credit exposures from its clearing members and, where relevant, from CCPs with which it has interoperability arrangements. Such margins shall be sufficient to cover potential exposures that the CCP estimates will occur until the liquidation of the relevant positions. They shall also be sufficient to cover losses that result from at least 99 % of the exposures movements over an appropriate time horizon and they shall ensure that a CCP fully collateralises its exposures with all its clearing members, and, where relevant, with CCPs with which it has interoperability arrangements, at least on a daily basis. A CCP shall regularly monitor and, if necessary, revise the level of its margins to reflect current market conditions taking into account any potentially procyclical effects of such revisions.

2 A CCP shall adopt models and parameters in setting its margin requirements that capture the risk characteristics of the products cleared and take into account the interval between margin collections, market liquidity and the possibility of changes over the duration of the transaction. The models and parameters shall be validated by the competent authority^{F1}...

3 A CCP shall call and collect margins on an intraday basis, at least when predefined thresholds are exceeded.

4 A CCP shall call and collect margins that are adequate to cover the risk stemming from the positions registered in each account kept in accordance with Article 39 with respect to specific financial instruments. A CCP may calculate margins with respect to a portfolio of financial instruments provided that the methodology used is prudent and robust.

Changes to legislation: Regulation (EU) No 648/2012 of the European Parliament and of the Council, CHAPTER 3 is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

5 [F²The Bank of England may make] technical standards specifying the appropriate percentage and time horizons for the liquidation period and the calculation of historical volatility, as referred to in paragraph 1, to be considered for the different classes of financial instruments, taking into account the objective to limit procyclicality, and the conditions under which portfolio margining practices referred to in paragraph 4 can be implemented.

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Textual Amendments

- F1** Words in Art. 41(2) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **43(2)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in Art. 41(5) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **43(3)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in Art. 41(5) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **43(3)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 42

Default fund

1 To limit its credit exposures to its clearing members further, a CCP shall maintain a pre-funded default fund to cover losses that exceed the losses to be covered by margin requirements laid down in Article 41, arising from the default, including the opening of an insolvency procedure, of one or more clearing members.

The CCP shall establish a minimum amount below which the size of the default fund is not to fall under any circumstances.

2 A CCP shall establish the minimum size of contributions to the default fund and the criteria to calculate the contributions of the single clearing members. The contributions shall be proportional to the exposures of each clearing member.

3 The default fund shall at least enable the CCP to withstand, under extreme but plausible market conditions, the default of the clearing member to which it has the largest exposures or of the second and third largest clearing members, if the sum of their exposures is larger. A CCP shall develop scenarios of extreme but plausible market conditions. The scenarios shall include the most volatile periods that have been experienced by the markets for which the CCP provides its services and a range of potential future scenarios. They shall take into account sudden sales of financial resources and rapid reductions in market liquidity.

4 A CCP may establish more than one default fund for the different classes of instrument that it clears.

5 [F⁴The Bank of England may make] technical standards specifying the framework for defining extreme but plausible market conditions referred to in paragraph 3, that should be used

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when defining the size of the default fund and the other financial resources referred to in Article 43.

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Textual Amendments

- F4** Words in Art. 42(5) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **44(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in Art. 42(5) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **44(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 43

Other financial resources

1 A CCP shall maintain sufficient pre-funded available financial resources to cover potential losses that exceed the losses to be covered by margin requirements laid down in Article 41 and the default fund as referred to in Article 42. Such pre-funded financial resources shall include dedicated resources of the CCP, shall be freely available to the CCP and shall not be used to meet the capital required under Article 16.

2 The default fund referred to in Article 42 and the other financial resources referred to in paragraph 1 of this Article shall at all times enable the CCP to withstand the default of at least the two clearing members to which it has the largest exposures under extreme but plausible market conditions.

3 A CCP may require non-defaulting clearing members to provide additional funds in the event of a default of another clearing member. The clearing members of a CCP shall have limited exposures toward the CCP.

Article 44

Liquidity risk controls

1 A CCP shall at all times have access to adequate liquidity to perform its services and activities. To that end, it shall obtain the necessary credit lines or similar arrangements to cover its liquidity needs in case the financial resources at its disposal are not immediately available. A clearing member, parent undertaking or subsidiary of that clearing member together shall not provide more than 25 % of the credit lines needed by the CCP.

A CCP shall measure, on a daily basis, its potential liquidity needs. It shall take into account the liquidity risk generated by the default of at least the two clearing members to which it has the largest exposures.

2 ^{[F6}The Bank of England may make] technical standards specifying the framework for managing the liquidity risk that CCPs are to withstand in accordance with paragraph 1.

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Textual Amendments

- F6** Words in Art. 44(2) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **45(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in Art. 44(2) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **45(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 45

Default waterfall

1 A CCP shall use the margins posted by a defaulting clearing member prior to other financial resources in covering losses.

2 Where the margins posted by the defaulting clearing member are not sufficient to cover the losses incurred by the CCP, the CCP shall use the default fund contribution of the defaulting member to cover those losses.

3 A CCP shall use contributions to the default fund of the non-defaulting clearing members and any other financial resources referred to in Article 43(1) only after having exhausted the contributions of the defaulting clearing member.

4 A CCP shall use dedicated own resources before using the default fund contributions of non-defaulting clearing members. A CCP shall not use the margins posted by non-defaulting clearing members to cover the losses resulting from the default of another clearing member.

5 [^{F8}The Bank of England may make] technical standards specifying the methodology for calculation and maintenance of the amount of the CCP's own resources to be used in accordance with paragraph 4.

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Textual Amendments

- F8** Words in Art. 45(5) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **46(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in Art. 45(5) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **46(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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Article 46

Collateral requirements

1 A CCP shall accept highly liquid collateral with minimal credit and market risk to cover its initial and ongoing exposure to its clearing members. For non-financial counterparties, a CCP may accept bank guarantees, taking such guarantees into account when calculating its exposure to a bank that is a clearing member. It shall apply adequate haircuts to asset values that reflect the potential for their value to decline over the interval between their last revaluation and the time by which they can reasonably be assumed to be liquidated. It shall take into account the liquidity risk following the default of a market participant and the concentration risk on certain assets that may result in establishing the acceptable collateral and the relevant haircuts.

2 A CCP may accept, where appropriate and sufficiently prudent, the underlying of the derivative contract or the financial instrument that originates the CCP exposure as collateral to cover its margin requirements.

3 ^[^{F10}The Bank of England may make] technical standards specifying:

- a the type of collateral that could be considered highly liquid, such as cash, gold, government and high-quality corporate bonds and covered bonds;
- b the haircuts referred to in paragraph 1; and
- c the conditions under which commercial bank guarantees may be accepted as collateral under paragraph 1.

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Textual Amendments

F10 Words in Art. 46(3) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **47(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F11 Words in Art. 46(3) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **47(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 47

Investment policy

1 A CCP shall invest its financial resources only in cash or in highly liquid financial instruments with minimal market and credit risk. A CCP's investments shall be capable of being liquidated rapidly with minimal adverse price effect.

2 The amount of capital, including retained earnings and reserves of a CCP which are not invested in accordance with paragraph 1, shall not be taken into account for the purposes of Article 16(2) or Article 45(4).

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3 Financial instruments posted as margins or as default fund contributions shall, where available, be deposited with operators of securities settlement systems that ensure the full protection of those financial instruments. Alternatively, other highly secure arrangements with authorised financial institutions may be used.

4 Cash deposits of a CCP shall be performed through highly secure arrangements with authorised financial institutions or, alternatively, through the use of the standing deposit facilities of central banks or other comparable means provided for by central banks.

5 Where a CCP deposits assets with a third party, it shall ensure that the assets belonging to the clearing members are identifiable separately from the assets belonging to the CCP and from assets belonging to that third party by means of differently titled accounts on the books of the third party or any other equivalent measures that achieve the same level of protection. A CCP shall have prompt access to the financial instruments when required.

6 A CCP shall not invest its capital or the sums arising from the requirements laid down in Article 41, 42, 43 or 44 in its own securities or those of its parent undertaking or its subsidiary.

7 A CCP shall take into account its overall credit risk exposures to individual obligors in making its investment decisions and shall ensure that its overall risk exposure to any individual obligor remains within acceptable concentration limits.

8 ^[F12]The Bank of England may make] technical standards specifying the financial instruments that can be considered highly liquid, bearing minimal credit and market risk as referred to in paragraph 1, the highly secured arrangements referred to in paragraphs 3 and 4 and the concentration limits referred to in paragraph 7.

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Textual Amendments

F12 Words in Art. 47(8) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **48(a)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F13 Words in Art. 47(8) omitted (31.12.2020) by virtue of [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), **48(b)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Article 48

Default procedures

1 A CCP shall have detailed procedures in place to be followed where a clearing member does not comply with the participation requirements of the CCP laid down in Article 37 within the time limit and in accordance with the procedures established by the CCP. The CCP shall set out in detail the procedures to be followed in the event the default of a clearing member is not declared by the CCP. Those procedures shall be reviewed annually.

2 A CCP shall take prompt action to contain losses and liquidity pressures resulting from defaults and shall ensure that the closing out of any clearing member's positions does not

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disrupt its operations or expose the non-defaulting clearing members to losses that they cannot anticipate or control.

3 Where a CCP considers that the clearing member will not be able to meet its future obligations, it shall promptly inform the competent authority before the default procedure is declared or triggered. The competent authority shall promptly communicate that information to [F14the authority responsible for the supervision of the defaulting clearing member].

4 A CCP shall verify that its default procedures are enforceable. It shall take all reasonable steps to ensure that it has the legal powers to liquidate the proprietary positions of the defaulting clearing member and to transfer or liquidate the clients' positions of the defaulting clearing member.

5 Where assets and positions are recorded in the records and accounts of a CCP as being held for the account of a defaulting clearing member's clients in accordance with Article 39(2), the CCP shall, at least, contractually commit itself to trigger the procedures for the transfer of the assets and positions held by the defaulting clearing member for the account of its clients to another clearing member designated by all of those clients, on their request and without the consent of the defaulting clearing member. That other clearing member shall be obliged to accept those assets and positions only where it has previously entered into a contractual relationship with the clients by which it has committed itself to do so. If the transfer to that other clearing member has not taken place for any reason within a predefined transfer period specified in its operating rules, the CCP may take all steps permitted by its rules to actively manage its risks in relation to those positions, including liquidating the assets and positions held by the defaulting clearing member for the account of its clients.

6 Where assets and positions are recorded in the records and accounts of a CCP as being held for the account of a defaulting clearing member's client in accordance with Article 39(3), the CCP shall, at least, contractually commit itself to trigger the procedures for the transfer of the assets and positions held by the defaulting clearing member for the account of the client to another clearing member designated by the client, on the client's request and without the consent of the defaulting clearing member. That other clearing member shall be obliged to accept these assets and positions only where it has previously entered into a contractual relationship with the client by which it has committed itself to do so. If the transfer to that other clearing member has not taken place for any reason within a predefined transfer period specified in its operating rules, the CCP may take all steps permitted by its rules to actively manage its risks in relation to those positions, including liquidating the assets and positions held by the defaulting clearing member for the account of the client.

7 Clients' collateral distinguished in accordance with Article 39(2) and (3) shall be used exclusively to cover the positions held for their account. Any balance owed by the CCP after the completion of the clearing member's default management process by the CCP shall be readily returned to those clients when they are known to the CCP or, if they are not, to the clearing member for the account of its clients.

Textual Amendments

F14 Words in Art. 48(3) substituted (31.12.2020) by [The Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment, etc., and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/335\)](#), regs. 1(1), 49 (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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Article 49

Review of models, stress testing and back testing

^{F15}1 A CCP shall regularly review the models and parameters adopted to calculate its margin requirements, default fund contributions, collateral requirements and other risk control mechanisms. It shall subject the models to rigorous and frequent stress tests to assess their resilience in extreme but plausible market conditions and shall perform back tests to assess the reliability of the methodology adopted. The CCP shall obtain independent validation, shall inform ^{F16}the Bank of England] of the results of the tests performed and shall obtain ^{F17}its] validation in accordance with paragraphs 1a, ^{F18}... 1d and 1e before adopting any significant change to the models and parameters.

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^{F20}1a Where a CCP intends to adopt any significant change to the models and parameters referred to in paragraph 1, it shall apply to the ^{F21}Bank of England] for validation of that change. The CCP shall enclose an independent validation of the intended change to its applications. The ^{F21}Bank of England] shall ^{F22}... confirm the receipt of the complete application to the CCP.

^{F23} 1b

^{F24} 1c

1d Within 90 working days of the receipt of the applications referred to in paragraph 1a, the ^{F25}Bank of England shall inform the CCP] in writing, including a fully reasoned explanation, whether the validation has been granted or refused.

1e The CCP may not adopt any significant change to the models and parameters referred to in paragraph 1 before obtaining the validations by ^{F26}the Bank of England]. The ^{F27}Bank of England] may allow for a provisional adoption of a significant change of those models or parameters prior to their validations where duly justified.]

2 A CCP shall regularly test the key aspects of its default procedures and take all reasonable steps to ensure that all clearing members understand them and have appropriate arrangements in place to respond to a default event.

3 A CCP shall publicly disclose key information on its risk-management model and assumptions adopted to perform the stress tests referred to in paragraph 1.

4 ^{F28}The Bank of England may make] technical standards specifying:

- a the type of tests to be undertaken for different classes of financial instruments and portfolios;
- b the involvement of clearing members or other parties in the tests;
- c the frequency of the tests;
- d the time horizons of the tests;
- e the key information referred to in paragraph 3.

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[^{F30} 5 The Bank of England may make technical standards specifying the conditions under which changes to the models and parameters referred to in paragraph 1 are significant.]

Textual Amendments

- F15** Substituted by Regulation (EU) 2019/2099 of the European Parliament and of the Council of 23 October 2019 amending Regulation (EU) No 648/2012 as regards the procedures and authorities involved for the authorisation of CCPs and requirements for the recognition of third-country CCPs.
- F16** Words in Art. 49(1) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/335), regs. 1(1), **50(2)(a)** (as substituted by S.I. 2020/646, regs. 1(2)(c), **6(7)(a)**) (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F17** Word in Art. 49(1) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/335), regs. 1(1), **50(2)(b)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F18** Words in Art. 49(1) omitted (31.12.2020) by virtue of The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/335), regs. 1(1), **50(2)(ba)** (as inserted by S.I. 2020/646, regs. 1(2)(c), **6(7)(b)**) (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F19** Words in Art. 49(1) omitted (31.12.2020) by virtue of The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/335), regs. 1(1), **50(2)(c)** (with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F20** Inserted by Regulation (EU) 2019/2099 of the European Parliament and of the Council of 23 October 2019 amending Regulation (EU) No 648/2012 as regards the procedures and authorities involved for the authorisation of CCPs and requirements for the recognition of third-country CCPs.
- F21** Words in Art. 49(1a) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(a)(i)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)
- F22** Word in Art. 49(1a) omitted (31.12.2020) by virtue of The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(a)(ii)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)
- F23** Art. 49(1b) omitted (31.12.2020) by virtue of The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(b)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)
- F24** Art. 49(1c) omitted (31.12.2020) by virtue of The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(b)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)
- F25** Words in Art. 49(1d) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(c)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)
- F26** Words in Art. 49(1e) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(d)(i)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)
- F27** Words in Art. 49(1e) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit)

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Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(d)(ii)** (with savings in S.I. 2019/680, reg. 11 as amended by S.I. 2020/646, reg. 12)

F28 Words in Art. 49(4) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/335), regs. 1(1), **50(3)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F29 Words in Art. 49(4) omitted (31.12.2020) by virtue of The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (S.I. 2019/335), regs. 1(1), **50(3)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F30 Art. 49(5) substituted (31.12.2020) by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020 (S.I. 2020/646), regs. 1(3), **29(2)** (with savings in S.I. 2019/680, **reg. 11** as amended by S.I. 2020/646, **reg. 12**)

Article 50

Settlement

1 A CCP shall, where practical and available, use central bank money to settle its transactions. Where central bank money is not used, steps shall be taken to strictly limit cash settlement risks.

2 A CCP shall clearly state its obligations with respect to deliveries of financial instruments, including whether it has an obligation to make or receive delivery of a financial instrument or whether it indemnifies participants for losses incurred in the delivery process.

3 Where a CCP has an obligation to make or receive deliveries of financial instruments, it shall eliminate principal risk through the use of delivery-versus-payment mechanisms to the extent possible.

Changes to legislation:

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Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 1](#)

Changes and effects yet to be applied to the whole legislation item and associated provisions

- Art. 2(30)-(33) inserted by [S.I. 2018/1184 reg. 7](#) (This amendment not applied to legislation.gov.uk. S.I. 2018/1184, reg. 7 substituted (1.3.2019) by The Financial Services Contracts (Transitional and Saving Provision) (EU Exit) Regulations 2019 (S.I. 2019/405), regs. 1(2), 9)
- Art. 4(1)(a)(v) words substituted by [S.I. 2019/335 reg. 14\(2\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 14(2)(a) substituted (30.10.2019) by S.I. 2019/1416, regs. 1(2), 14(a))
- Art. 4(1)(a)(iv) words substituted by [S.I. 2019/335 reg. 14\(2\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 14(2)(a) substituted (30.10.2019) by S.I. 2019/1416, regs. 1(2), 14(a))
- Art. 4(1)(b)(ii) words substituted by [S.I. 2019/335 reg. 14\(2\)\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 14(2)(b) omitted (30.10.2019) by virtue of S.I. 2019/1416, regs. 1(2), 14(b))
- Art. 4(1)(b)(ii) words substituted by [S.I. 2019/335 reg. 14\(2\)\(b\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 14(2)(b) omitted (30.10.2019) by virtue of S.I. 2019/1416, regs. 1(2), 14(b))
- Art. 4(5)(a)(i)-(iii) substituted for words by [S.I. 2024/705 Sch. 2 para. 12\(2\)\(b\)](#)
- Art. 10(1)(a) word omitted by [S.I. 2019/335 reg. 20\(2\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 20(2) substituted (30.10.2019) by S.I. 2019/1416, regs. 1(2), 17(a))
- Art. 10(1)(a) words omitted by [S.I. 2019/335 reg. 20\(2\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 20(2) substituted (30.10.2019) by S.I. 2019/1416, regs. 1(2), 17(a))
- Art. 11(15A)(b)(i)-(iii) substituted for words by [S.I. 2024/705 Sch. 2 para. 13\(b\)](#)
- Art. 25(6A) inserted by [S.I. 2018/1184 reg. 8\(9\)](#) (This amendment not applied to legislation.gov.uk. Reg. 8 omitted (25.6.2020) by virtue of S.I. 2020/646, regs. 1(2)(c), 4(3))
- Art. 25(7)(c) words substituted by [S.I. 2018/1184 reg. 8\(10\)\(c\)](#) (This amendment not applied to legislation.gov.uk. Reg. 8 omitted (25.6.2020) by virtue of S.I. 2020/646, regs. 1(2)(c), 4(3))