

Commission Delegated Regulation (EU) No 153/2013 of 19 December  
2012 supplementing Regulation (EU) No 648/2012 of the European  
Parliament and of the Council with regard to regulatory technical standards  
on requirements for central counterparties (Text with EEA relevance)

CHAPTER X

COLLATERAL

**(Article 46 of Regulation (EU) No 648/2012)**

*Article 37*

**General requirements**

A CCP shall establish and implement transparent and predictable policies and procedures to assess and continuously monitor the liquidity of assets accepted as collateral and take remedial action where appropriate.

A CCP shall review its eligible asset policies and procedures at least annually. Such a review shall also be carried out whenever a material change occurs that affects the CCP's risk exposure.

*Article 38*

**Cash collateral**

For the purposes of Article 46(1) of Regulation (EU) No 648/2012, highly liquid collateral in the form of cash shall be denominated in one of the following:

- (a) a currency for which the CCP can demonstrate to the competent authorities that it is able to adequately manage the risk;
- (b) a currency in which the CCP clears transactions, in the limit of the collateral required to cover the CCP's exposures in that currency.

*Article 39*

**Financial instruments**

For the purposes of Article 46(1) of Regulation (EU) No 648/2012, financial instruments, bank guarantees and gold that meet the conditions set out in Annex I shall be considered as, highly liquid collateral.

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**Changes to legislation:** There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 153/2013, CHAPTER X. (See end of Document for details) EUR 2013 No. 153 may be subject to amendment by EU Exit Instruments made by the Bank of England under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 3. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details)

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## Article 40

### Valuing collateral

1 For the purposes of valuing highly liquid collateral as defined in Article 37, a CCP shall establish and implement policies and procedures to monitor on a near to real time basis the credit quality, market liquidity and price volatility of each asset accepted as collateral. A CCP shall monitor on a regular basis, and at least annually, the adequacy of its valuation policies and procedures. Such review shall also be carried out whenever a material change occurs that affects the CCP's risk exposure.

2 A CCP shall mark-to-market its collateral on a near to real time basis and, where not possible, a CCP shall be able to demonstrate to the competent authorities that it is able to manage the risks.

## Article 41

### Haircuts

1 A CCP shall establish and implement policies and procedures to determine prudent haircuts to apply to collateral value.

2 Haircuts shall recognise that collateral may need to be liquidated in stressed market conditions and take into account the time required to liquidate it. The CCP shall demonstrate to the competent authority that haircuts are calculated in a conservative manner to limit as far as possible procyclical effects. For each collateral asset, the haircut shall be determined taking in consideration the relevant criteria, including:

- a the type of asset and level of credit risk associated with the financial instrument based upon internal assessment by the CCP. In performing such assessment the CCP shall employ a defined and objective methodology that shall not fully rely on external opinions and that takes into consideration the risk arising from the establishment of the issuer in a particular country;
- b the maturity of the asset;
- c the historical and hypothetical future price volatility of the asset in stressed market conditions;
- d the liquidity of the underlying market, including bid/ask spreads;
- e the foreign exchange risk, if any;
- f wrong-way risk.

3 A CCP shall monitor on a regular basis the adequacy of the haircuts. A CCP shall review the haircut policies and procedures at least annually and whenever a material change occurs that affects the CCP risk exposure, but should avoid as far as possible disruptive or big step changes in haircuts that could introduce procyclicality. The haircut policies and procedures shall be independently validated at least annually.

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## Article 42

### Concentration limits

1 A CCP shall establish and implement policies and procedures to ensure that the collateral remains sufficiently diversified to allow its liquidation within a defined holding period without a significant market impact. The policies and the procedures shall determine the risk mitigation measures to be applied when the concentration limits specified in paragraph 2 are exceeded.

2 A CCP shall determine concentration limits at the level of:

- a individual issuers;
- b type of issuer;
- c type of asset;
- d each clearing member;
- e all clearing members.

3 Concentration limits shall be determined in a conservative manner taking into account all relevant criteria, including:

- a financial instruments issued by issuers of the same type in terms of economic sector, activity, geographic region;
- b the level of credit risk of the financial instrument or of the issuer based upon an internal assessment by the CCP. In performing such assessment the CCP shall employ a defined and objective methodology that shall not fully rely on external opinions and that takes into consideration the risk arising from the establishment of the issuer in a particular country;
- c the liquidity and the price volatility of the financial instruments.

4 A CCP shall ensure that no more than 10 % of its collateral is guaranteed by a single credit institution, or equivalent third country financial institution, or by an entity that is part of the same group as the credit institution or third country financial institution. Where the collateral received by the CCP in the form of commercial bank guarantees is higher than 50 % of the total collateral, this limit may be set up to 25 %.

5 In calculating the limits provided for in paragraph 2, a CCP shall include the total exposure of a CCP to an issuer, including the amount of the cumulative credit lines, certificates of deposit, time deposits, savings accounts, deposit accounts, current accounts, money-market instruments, and reverse repurchase facilities utilised by the CCP. These limits shall not apply to collateral held by the CCP in excess of the minimum requirements for margins, default fund or other financial resources.

6 When determining the concentration limit for a CCP's exposure to an individual issuer, a CCP shall aggregate and treat as a single risk its exposure to all financial instruments issued by the issuer or by a group entity, explicitly guaranteed by the issuer or by a group entity, and to financial instruments issued by undertakings whose exclusive purpose is to own means of production that are essential for the issuer's business.

7 A CCP shall monitor on a regular basis the adequacy of its concentration limit policies and procedures. A CCP shall review its concentration limit policy and procedure at least annually and whenever a material change occurs that affects the risk exposure of the CCP.

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8 A CCP shall inform the competent authority and the clearing members of the applicable concentration limits and of any amendment to these limits.

9 If the CCP materially breaches a concentration limit set out in its policies and procedures, it shall inform the competent authority immediately. The CCP shall rectify the breach as soon as possible.

**Changes to legislation:**

There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 153/2013, CHAPTER X.

EUR 2013 No. 153 may be subject to amendment by EU Exit Instruments made by the [Bank of England](#) under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 ([S.I. 2018/1115](#)), regs. 2, 3, Sch. Pt. 3. These amendments are not currently available on [legislation.gov.uk](#). Details of relevant amending instruments can be found on their website/s.