



15 September 2010

## Press Release

### **European Union proposals for the regulation of OTC derivatives**

The *European Association of Corporate Treasurers* (EACT) is a grouping of 20 national associations representing treasury and finance professionals from 19 countries of Europe.

The European Commission (EC) has today released its proposal for a regulation of OTC derivatives, central counterparties and trade repositories. The full text can be found here<sup>1</sup>. The EACT has been actively making input to the EC and other EU bodies for more than a year, with the objective of maintaining the ability of companies to use derivatives to mitigate financial risk in their core activities. We have stressed the risk of unintended consequences contained within the original approach.

The EC's proposal now substantially addresses the concerns of the EACT. In particular we note:

- non-financial (corporate) counterparties will in principle not be subject to the regulation, unless their OTC derivatives positions reach a threshold and are considered to be systemically important
- much remains to be done however – and not just on the detailed implementation of thresholds by ESMA and ESRB – with clarification to be sought from the Council and Parliament
- there is a real need to clarify whether, for instance, Article 7 extends to pension funds and other 'non-financial' entities other than manufacturers, service providers etc that use derivatives to mitigate risk.
- it will be important to avoid a “clearing shock” for corporates that pass the clearing threshold

Commenting on the survey results, EACT Chairman Richard Raeburn said:

“I applaud the Commission for listening to the concerns of corporates over the last 14 months - thereby protecting growth, employment and stability.

The EACT remains committed to working with the EU institutions, including ESMA, to support an effective and measured implementation of the detail of this regulation”.

Please see the following page for details of press contacts.

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<sup>1</sup> [http://ec.europa.eu/internal\\_market/financial-markets/docs/derivatives/20100915\\_proposal\\_en.pdf](http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/20100915_proposal_en.pdf)



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