

Cross Border Regulation

William Knottenbelt
Senior Managing Director, International

CME Group and Globalisation

CME Group is the world's leading and most diverse derivatives exchange. It's where companies, institutions and individuals from around the globe come to manage their business risks, hedge against fluctuations and protect themselves against price volatility.

Our Global Reach

ACCESS IN

150 Countries

CONNECTIONS THROUGH

11 Global Hubs

RELATIONSHIPS WITH

12 Partner Exchanges

Our Products and Services

CME Group's services cover trading and clearing across multiple asset-classes: Interest Rates, Foreign Exchange, Credit, Equities, Commodities, Metals, and Agricultural Products.

Licenses, recognition or exemptions in Europe

	CME EU CCP	CME EU TR	CME EU Venue	CME US CCP	CME US Venue
<i>License</i>	CCP Authorization under EMIR (EU)	TR Authorization under EMIR (EU)	Exchange Recognition under FSMA (UK) and other national regimes (multiple)	Third-country CCP Recognition under EMIR (EU)	(1)Exchange Recognition under FSMA (UK) and other national regimes (multiple) (2)Recognition under MiFID (EU)
<i>Regulator</i>	Bank of England (UK)	ESMA (EU)	FCA (UK) and other national authorities (multiple)	ESMA (EU)	(1)FCA (UK) and other national authorities (multiple) (2)European Commission (EU)
<i>Why?</i>	Required to continue to provide clearing services in the EU and be able to satisfy the EU clearing mandate	Required to accept trades under the reporting mandate	Required to provide services in each country	Required to: (1)obtain QCCP status in the EU (2)continue to provide clearing services in the EU for direct CMs (3)be eligible to satisfy the clearing mandate for EU market participants	(1) Required to provide services in each country (2) Required to avoid derivatives traded on the exchange being deemed OTC derivatives under EMIR and counted towards OTC clearing thresholds

Equivalence and recognition provisions



FBOT

- Provide direct access to US market participants
- No additional requirements for CCP clearing non-US futures for RM registered as FBOT.

Regulated Market

CCP



Regulated Market (DCM)

MiFID / MiFID II

- Meet EMIR defn of 'ETD' so that products do not count towards clearing threshold

MiFIR

- Meet MiFID II / MiFIR defn of 'ETD'
- Satisfy MiFIR trading obligation

National licenses

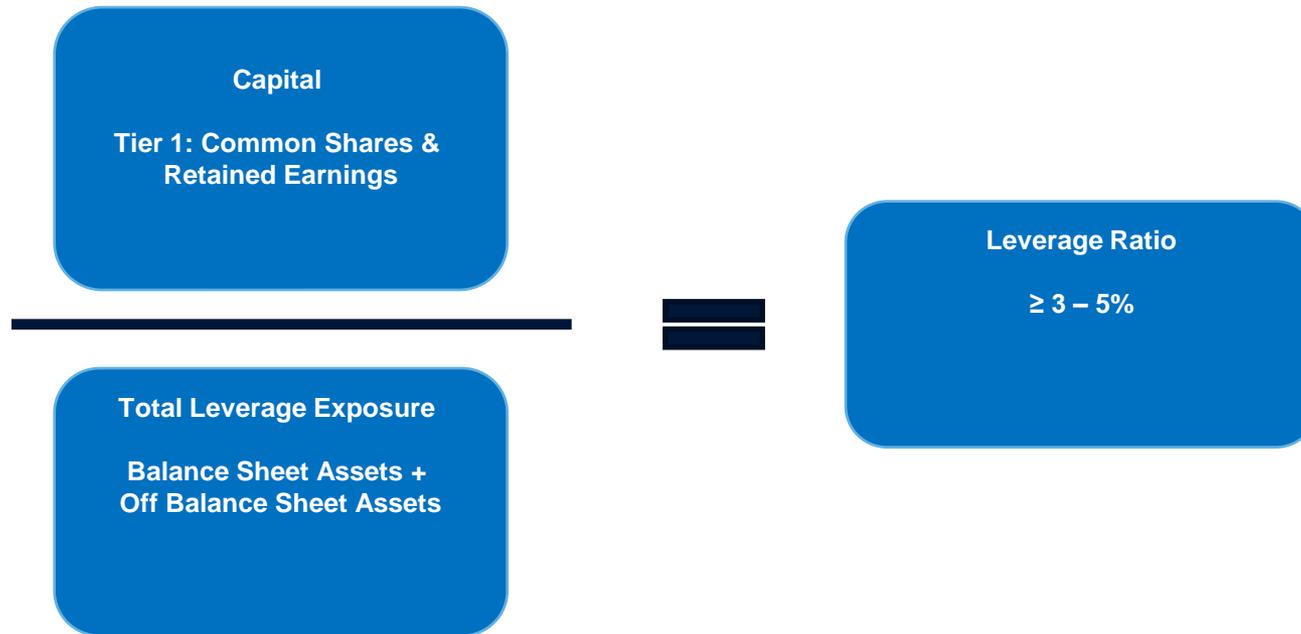
- Needed for direct market access in each MS

EMIR

- Receive QCCP status
- Maintain CMs w EU parent
- Satisfy EMIR clearing obligation
- Needed to clear swaps or futures

CCP (DCO)

Leverage Ratio



- Contrary to other Basel III regulations, which incentivise the collection of initial margin as a way to mitigate counterparty exposure, the Leverage Ratio framework views any initial margin collateral as a potential source of funding for banks to leverage themselves in other transactions.
- This does not take into account the customer segregation regimes in the United States (CFTC) and the European Union (EMIR), or the fact that the majority of collateral used to support margin requirements for cleared derivatives is held at a CCP.
- This will likely result in client clearing being unprofitable for bank affiliated clearing members. These clearing members will likely find it too capital intensive to provide clearing services for a diverse set of customers or more consolidation may be required which could increase concentration and risks to porting.