
CC&G Market Notice

30 July 2019
MN_11/2019

Amendments to CC&G Regulations and related Instructions and to the MIC Guarantee System Regulations

For the attention of: *Members*
Priority: *medium*
Topic: *Regulatory changes*

Dear Clients,

we hereby inform you that effective **14 August 2019** the following amendments will enter into force.

I. Specifications regarding the membership requirements for the System

Some additions to the Regulations and Instructions provisions are being introduced in relation to the requirements for membership and continued access to the System, in order to strengthen the information framework available to CC&G for the complete and timely monitoring of the membership requirements.

First of all, with a view to greater systematization and transparency, the categories of entities that can access the system are specified within the membership requirements, which assume the obligations deriving from the transfer orders in the context of the same, within the scope of categories provided for by Legislative Decree 12 April 2001, n. 210 of implementation of directive 98/26/EC on the finality of orders entered in a payment or securities settlement system.

Moreover, additions are being made to the provisions of the Regulations regarding the maintenance of the membership requirements in the case of extraordinary corporate transactions affecting the clearing members, for example, in cases of mergers, demergers, contribution or transfer of businesses or branch of businesses. In particular, it is specified that in such cases the clearing members are required to promptly inform CC&G of the characteristics of the transaction and the effects of the new corporate structure, also in relation to continued compliance with the requirements for membership of the system set out in the CC&G



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Regulations. Provisions on membership requirements to the system with reference to the supervisory capital have been also supplemented, in relation to newly established entities which do not have yet a supervisory capital determined using the criteria envisaged in the Regulations (i.e., the criteria provided by the supervisory provisions set out by the Authorities of the competent State).

With regard to the membership qualifications, it is clarified that it is possible to have the same membership qualification, or different profiles also within the same section, without prejudice to compliance with the membership requirements set forth in the Regulations.

Provisions on reduction of capital requirements are have been also supplemented, by specifying that in case of reduction of capital requirements, Clearing Members, may, alternatively to the restoration of supervisory capital, establish or integrate a guarantee within 30 days. In this case, the same provisions are applied in the Regulations with reference the manner in which the guarantee must be provided. To this end, specific disclosure obligations are envisaged vis-à-vis CC&G against the participants in relation to the establishment of the supervisory requirements. The provisions concerning exclusion are also integrated, providing that, if the clearing member has lost the capital requirements and has not reconstituted them within the deadline eventually granted for their restoration or has not provided to alternatively constitute the guarantee, CC&G provides the exclusion of the same member from the system.

II. Supplement to the organisational principles of the system and to CC&G force majeure event definition

The definition of “CC&G Force Majeure Events” is being amended to also include any impediment or obstacle to the ordinary operations arising from the application of any law, decree, regulation, measure, penalty or order of any national or international supervisory body, organisation or authority (including judicial authorities).

It is established, within the provisions governing the principles of organisation of the system, that CC&G, upon occurrence of any CC&G Force Majeure Event, for risk containment needs, reserves the right, after consulting with the Bank of Italy and Consob, to adopt any measure deemed necessary for limiting any prejudicial consequences for the system. Such provisions are introduced with a view of protecting the system and are in line with the Rulebook provisions of other major central counterparties.

The above mentioned amendment shall also apply to the MIC Guarantee System Regulations.

III. Fine tunings

For the sake of clarity, it is specified that:

- i. for the Special Clearing Members, the Qualified Members, the Central Banks of the European Union and the Ministry of the Economy and Finance, that, in accordance with article B.4.2.1, paragraph 7 of the Regulations do not participate in the default fund, that such entities cannot be requested the payment of financial resources as a contribution to

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the default fund pursuant to Article B.4.2.5 and Article B.6.2.3 of the Regulations in the event of activation of a default procedure pursuant to Chapter B.6.2 of the Regulations;

- ii. with regard to the entities referred to in Article B.2.1.1, paragraphs 5 and 6, (i.e. the European Union's central banks, Poste Italiane S.p.A., Cassa Depositi e Prestiti S.p.A. and the Ministry of the Economy and Finance), the assessment of the membership requirements will be carried out, also in derogation to the capital requirements set out in paragraphs 1 to 7 of Article B.2.1.2 of the Regulations;
- iii. the clearing member using the services of a settlement agent at the settlement services may reserve the right to appoint different settlement agents for each section, and that the same clearing member may also appoint different settlement agents for different trading clients in accordance with the limits provided by the Settlement System regulations, extending to all section the right already provided under the ICSD section.

The changes will come into force on **14 August 2019**.

The excerpt of the texts of the Regulations and Instructions is published on the CC&G website at the following [link](#).

The new text of the Regulations and Instructions will be available on CC&G website on the date of entry into force of the above amendments www.lseg.com/ccg at the "Rules and Regulations" section, also in the version with changes highlighted.

The new text of the MIC Guarantee System Regulations will be available at the following [link](#)

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