
Commissioner Charlie McCreevy welcomes Industry Commitment to EU Central Counterparty for CDS

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The International Swaps and Derivatives Association and the European Banking Federation have committed to the use of Central Counterparty Clearing (CCP) for Credit Default Swaps (CDS) in the European Union.

Internal Market and Services Commissioner Charlie McCreevy said:

"I welcome today's commitment from the Industry to agree to the central clearing in Europe for certain CDS which are systemically relevant. This meets the requests I made to the industry last October. I also take note of their commitment to engage immediately in a dialogue to resolve all outstanding technical issues. Central clearing of CDS is particularly urgent to restore market confidence. Given the size of derivatives markets I am looking whether other measures might be necessary to make sure they are adequately supervised and do not pose unnecessary risks to financial markets".

The Commissioner had also indicated that the only other option would have been a legislative one which possibly would have taken effect much later. Recently he had welcomed initiatives of the European Parliament in that respect since the industry had not met the deadline of the end of last year.

The associations which have signed the letters to Commissioner McCreevy, are confirming their engagement to use EU-based central clearing for eligible EU contracts by end-July, 2009. Signatories will work closely with infrastructure providers, regulators and the European authorities including the ECB in resolving outstanding technical, regulatory, legal and practical issues. These efforts mirror the engagement the industry has made in other jurisdictions in the interests of a globally cohesive regulatory framework.

Background:

Link to earlier releases on the matter : [MEMO/08/679](#)