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Jakob von WEIZSÄCKER:
**"Parliament opts for stronger incentives for prudent risk management
in order to safeguard taxpayer's interest"**

Today, the European Parliament adopted its position on the Commission's proposal in the ECON Committee for the recovery and resolution of Central Counterparties (CCPs).

Following the spirit of the report by the co-rapporteurs **Jakob von WEIZSÄCKER (S&D)** and **Kay SWINBURNE (ECR)**, the Parliament's overarching aim is to maintain systemic stability while minimising the risk that taxpayer's money is to bail out CCPs. For this, Parliament proposes to strengthen incentive structures for the prudent risk management of CCPs and to increase significantly private loss-absorption capacity in the recovery and resolution stages.

Jakob von WEIZSÄCKER comments: "I am glad that losses even in extreme scenarios will be borne by the financial sector, with CCPs first on the line, clearing members second and clients third. This gives the right incentives for prudent risk management and improves the protection of taxpayers. The Parliament's proposal enhances the transparency, credibility and scope of recovery. Where recovery fails nonetheless, we enable the resolution authority to come in quickly and forcefully with the full range of tools at its disposal. Successful resolution requires private sector participants to bear losses to the full extent possible. Towards this end, Parliament calls for better rules to calculate the theoretical losses private participants would have incurred in the case of non-intervention. This pushes the no-creditor-worse-off envelope for private loss allocation by taking systemic effects into account. Also, given the strong interdependence between global CCPs among each other and their common clearing members, typically global banks, we call for the comprehensive stress testing of recovery and resolution arrangements in terms of their aggregate effects."

Jakob von WEIZSÄCKER further comments: "In view of the systemic cross-border nature of large CCPs, future work on EMIR should aim to create a single supervisory, and resolution architecture as well as a single resolution fund for CCPs. In the present proposal, we prepare the ground for further progress in this direction by means of a review clause following any relevant future developments in the EMIR and ESA review files towards this end.