01/06/2023
ESMA91-372-1700

Guidelines

On the consistent application of the triggers for the use of Early Intervention Measures (Article 18(8) of CCPRRR)

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I. Scope

Who?

1. These Guidelines apply to competent authorities designated under Article 22 of EMIR that supervise CCPs authorised under Article 14 of EMIR.

What?

2. These Guidelines relate to common procedures and methodologies for the supervisory review and evaluation process pursuant to Article 21 of EMIR. These Guidelines do not introduce new requirements for CCPs in addition to the ones specified in EMIR or the relevant technical standards.

When?

3. These Guidelines apply from two months after the date of publication on ESMA's website in the official languages of the European Union.

II. Legislative references and abbreviations

Legislative references

CCPRRR	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132[1]
EMIR	Regulation (EU) 648/2012 of 4 July 2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories[2]
ESMA Regulation	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC[3]
Delegated Regulation 152/2013	Commission Delegated Regulation (EU) No 152/2013 of 19 December 2012 on capital requirements for central counterparties[4]
Delegated Regulation153/2013	Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 on requirements for central counterparties[5]

[1] OJ L 22, 22.1.2021, p. 1–102
[2] OJ L 201, 27.7.2012, p.1
[3] OJ L 331, 15.12.2010, p. 84
[4] OJ L 52, 23.2.2013, p. 37
[5] OJ L 52, 23.2.2013, p. 41

Abbreviations

BAU	Business as Usual
CCP	Central Counterparty
EC	European Commission
EEA	European Economic Area
ESFS	European System of Financial Supervision
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union

Definitions

4. Unless otherwise specified, the terms used in these Guidelines have the same meaning as in CCPRRR, EMIR and the Delegated Regulations 152/2013 and 153/2013.

III. Purpose

5. These Guidelines are based on Article 18(8) of CCPRRR and issued in accordance with Article 16 of the ESMA Regulation.

6. The objectives of these Guidelines are to establish consistent, efficient and effective supervisory practices within the ESFS and to ensure the common, uniform and consistent application of Article 18(1) of CCPRRR.

7. In particular, these Guidelines seek to provide competent authorities with guidance on the situations under which they should consider the application of early intervention measures to CCPs. Specifically, the Guidelines provide indicators guiding on the application of the triggers prompting the consideration of whether to apply early intervention measures.

IV. Compliance and reporting obligations

Status of these Guidelines

8. These Guidelines will be issued in accordance with Article 16 of ESMA Regulation and will be addressed to competent authorities. In accordance with Article 16(3) of ESMA Regulation, competent authorities must make every effort to comply with the Guidelines.

9. ESMA Guidelines specify ESMA's view of appropriate supervisory practices within the ESFS or of how EU law should be applied in a particular area. ESMA therefore expects all competent authorities to which the Guidelines are addressed to comply with the Guidelines. Competent authorities to which the Guidelines apply should comply by incorporating them into their supervisory practices as appropriate (e.g., by amending their legal framework or their supervisory processes).

Reporting requirements

10. Pursuant to Article 16(3) of ESMA Regulation, competent authorities must inform ESMA of whether they (i) comply, (ii) do not comply but intend to comply, or (iii) do not comply and do not intend to comply with these Guidelines. In case of non-compliance, competent authorities must state their reasons for non-compliance, within two months from the date of publication of the Guidelines on ESMA's website in all EU official languages of their reasons for not complying with the Guidelines.

11. A template for such notifications is available on ESMA's website. Once the template has been filled in, it shall be transmitted to ESMA. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities.

V. Guidelines on the consistent application of the triggers for the use of Early Intervention Measures

Any material deterioration or anomalies identified through the monitoring of indicators should promptly be considered for further investigation. Specifically, the competent authorities should determine their cause, assess the materiality of the potential impact on the CCP and document the cause and outcome of the assessment. Where a CCP's prudential indicators deteriorate significantly competent authorities should take a decision on whether to apply early intervention measures.

Competent authorities should, in each case and within the time available, decide whether an early intervention measure should be applied on the basis of a comprehensive assessment of both qualitative and quantitative objective elements, taking into account all circumstances and information available at such time and to the extent relevant for the CCP, or if a limited assessment is justified due to timing constrains. Hence, depending on the significance of the deterioration or anomalies in indicators, their causes and the materiality of the potential prudential impact on the CCP, competent authorities, in the interest of time, may decide to apply early intervention measures immediately upon determination of the cause and the overall impact of the anomaly.

Where a trigger (considering the indicators) has been identified and hence lead to an assessment of the possible use of early intervention measures, the outcomes of such investigations and decisions on the possible application of early intervention measures (including the reasons for not taking a measure), should be clearly documented by the competent authorities in accordance with general supervisory procedures.

Investigations and assessments undertaken by a competent authority in line with these Guidelines would benefit from being noted in the annual review of the CCP.

Guidelines 1 and 2 aim to set out the procedures in applying the Guidelines 3 to 9.

Guideline 1: Procedure

Where one of the triggers, as listed under Article 18(1) of CCPRRR, has occurred and where the competent authority, applying these Guidelines, considers that such a situation could entail an assessment under this Article on whether to apply any of the early intervention measures, the competent authority should:

a) further investigate the situation;

b) assess the severity of the situation, by considering whether the situation poses a significant risk to the CCP, may adversely affect the CCP's overall viability or may be detrimental for overall financial stability; and

c) take the following aspects into account in the decision on whether to apply an early intervention measure:

   (i) the urgency of the situation,

   (ii) the magnitude of event,

   (iii) the overall viability of the CCP; and

   (iv) whether the situation could be detrimental for the financial stability in the Union or in a Member State.

This assessment shall take place before or at the same time as the competent authority is undertaking the requirements provided for in paragraphs 3 to 7 of Article 18 of CCPRRR, such as the consultation of the supervisory college.

Guideline 2: Assessing financial stability in the Union or in a Member State

When assessing if a CCP will pose a risk to the financial stability of the Union or one of its Member States as referred to in Guidelines 5 and 6, the competent authority should consider the (i) nature and complexity, (ii) size and market share, (iii) concentration and (iv) interoperability and interconnectedness of the CCP to assess if the situation detected at the CCP gives rise to financial stability concerns, i.e. the systemic magnitude of the situation at the CCP.

The competent authority may consider the following parameters in its assessment:

a) With respect to the CCP's **nature and complexity**, (i) the countries where the CCP provides or intends to provide clearing services; (ii) the extent to which the CCP provides other services in addition to clearing services; (iii) the type of financial instruments cleared or to be cleared by the CCP; (iv) whether the financial instruments cleared or to be cleared by the CCP are subject to the clearing obligation under Article 4 of Regulation (EU) No 648/2012.

b) With respect to the **size and market share** of the CCP within the Union, or even within the economy of each Member State, competent authorities should consider, (i) for each EU currency, the volumes cleared by the CCP per asset class, both in absolute and relative values (compared to volumes of instruments in such currency cleared across all CCPs), (ii) the maximum amount of margins collected by the CCP (iii) the estimated largest payment obligation on a single day in total that would be caused by the default of any one or two largest single clearing members (and their affiliates) in extreme but plausible market conditions and (iv) the amount of total liquid financial resources committed to the CCP by entities established in the Union or that are part of a group subject to consolidated supervision in the Union.

c) With respect to **concentration**, the significant concentration of a CCP with respect to the EU financial system or any of its member state can be measured by:

    (i) The absolute and relative exposures (open interest of securities transactions, securities financing transactions and exchange traded derivatives; and notional outstanding of OTC derivatives transactions) borne by EU clearing members of the CCP and borne by clearing members of each Member State;

    (ii) The absolute and relative levels of margins, default funds and liquid resources provided by EU clearing members of the CCP and provided by clearing members of each Member State.

d) Where indicators reveal a strong **interoperability or interconnectedness** between the CCP and another CCP or other FMIs within the financial system in one or more of the Member States, the competent authorities should consider if the event that triggered the assessment for the application of early intervention measures is posing a risk (or likely to pose a risk) to the financial stability within the Union or one of its Member States.

Guideline 3: Triggers for capital requirements

The first trigger in respect of capital requirements is where the CCP *infringes* the requirement under Article 16 of EMIR and Articles 1 to 5 of Delegated Regulation 152/2013.

The second trigger in respect of capital requirements is where the CCP is *likely to infringe in the near future* the requirement under Article 16 of EMIR and Articles 1 to 5 of Delegated Regulation 152/2013.

Indicators for the identification of the second trigger are, for example, any of the following:

a) Where a realised, estimated or forecasted loss will reduce the CCP's capital level below the notification threshold referred to in Article 1(3) of Delegated Regulation 152/2013 and where it is likely that the capital requirements will be infringed with the passing of time;

b) Where a realised, estimated or forecasted loss results or is likely to result in a significant deterioration of the CCP's capital, without breaching the notification threshold and resulting from either:

    (i) a gradual loss of the capital over a period of time where the reason for the deterioration is considered very likely to continue to reduce the capital of the CCP at a significant pace, hence it is likely that the CCP will infringe its notification threshold with the passing of time; or

(ii) a significant sudden or expected loss where it is likely that the CCP will infringe the notification threshold in the near future.

Guideline 4: Triggers for prudential requirements

a. Exposure management

The first trigger in respect of prudential requirements is where the CCP *infringes* the requirement under Article 40 of EMIR to measure and assess its liquidity and credit exposures to each clearing member.

The second trigger in respect of prudential requirements is where the CCP *is likely to infringe in the near future* the requirement under Article 40 of EMIR to measure and assess its liquidity and credit exposures to each clearing member.

An indicator, for the identification of the second trigger, is, for example, where the CCP shows a sudden and significant deterioration or a continued deterioration in the measurements and assessments undertaken by the CCP, measured by indicators such as (but not limited to) any of the following:

(i) difficulties in reconsolidating trades of clearing members;

(ii) issues in confirming positions and/or settling transactions;

(iii) establishing valid price sources, difficulties in price reconciliation or the prices lack details or stale prices are increasingly detected;

(iv) operational incidents hindering the calculation or the collection of collateral requirements increase in magnitude or in frequency,

and where any of the above detected deteriorations are repeated or increasing and where, with time, there is a clear risk that the CCP will infringe the requirements for exposure management.

b. Margin Requirements

The first trigger in respect of margin requirements is where the CCP *infringes* the requirements *under Article 41 of EMR or Articles 24 to 28 of* Delegated Regulation *153/2013.*

The second trigger in respect of margin requirements is where the CCP is *likely to infringe* in the near future the requirement under Article 41 of EMR or Articles 24 to 28 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger, is, for example, where the CCP shows a sudden and significant deterioration or a continued deterioration in its margin management and in particular in its margin calls, measured by indicators such as (but not limited to) any of the following:

(i) where there are repeated issues noted by back-testing results;

(ii) where there are material shortcomings in the margin management, with the result that the overall margins may be inadequate in the event where the CCP needs to liquidate a portfolio.

c. Default fund and other financial resources

The first trigger in respect of the default fund requirements and for other financial resources is where the CCP *infringes* the requirements under Article 42 of EMIR or Articles 29 to 31 of Delegated Regulation 153/2013 or the requirements under Article 43 of EMIR, Article 41 of EMR or Articles 24 to 28 of Delegated Regulation 153/2013.

The second trigger in respect of the default fund requirements and for other financial resources is where the CCP *is likely to infringe in the near future* the requirements under Article 42 of EMIR or Articles 29 to 31 of Delegated Regulation 153/2013 or the requirements under Article 43 of EMIR Article 41 of EMR or Articles 24 to 28 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger, is, for example, where the default fund and/or other resources are considered significantly inadequate. This could be evidenced by the CCP internal stress-test result i.e. its ability to withstand, under extreme but plausible market conditions, the default of the clearing member to which it has the largest exposures or of the second and third largest clearing members and the reason for this result is not likely to be corrected by the CCP within the timeframes established.

d. Liquidity risk controls

The first trigger in respect of the liquidity risk controls requirements is where the CCP *infringes* the requirements under Article 44 of EMIR or Articles 32 to 34 of Delegated Regulation 153/2013.

The second trigger in respect of the liquidity risk controls requirements is where the CCP *is likely to infringe in the near future* the requirements under Article 44 of EMIR or Articles 32 to 34 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger is, for example, where the liquidity position of the CCP deteriorates within a short period of time, and the reason for this deterioration is considered very likely to continue to reduce the liquidity available to the CCP at a significant amount and speed. The causes for this may include the withdrawal of service agreements or providers, increased liquidity requirements not met by increased liquidity provisions, or the deterioration of collateral quality.

e. Default waterfall

The first trigger in respect of the default waterfall requirements is where the CCP *infringes* the requirements under Article 45 of EMIR or Articles 35 to 36 of Delegated Regulation 153/2013.

The second trigger in respect of the default waterfall requirements is where the CCP *is likely to infringe in the near future* the requirements under Article 45 of EMIR or Articles 35 to 36 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger, is, for example, where there are issues such as a legal risk affecting the enforceability of the waterfall.

f.Collateral requirements

The first trigger in respect of the collateral requirements is where the CCP *infringes* the requirements under Article 46 of EMIR or Articles 37 to 42 of Delegated Regulation 153/2013.

The second trigger in respect of the collateral requirements is where the CCP *is likely to infringe in the near future* the requirements under Article 46 of EMIR or Articles 37 to 42 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger, is , for example, where the CCP shows a continued deterioration in the management of its collateral requirements, measured by indicators such as (but not limited to) where the CCP has on several occasions mismanaged its collateral requirements or applies inadequate haircuts, potentially evidenced by the CCP's back-tests against market moves and any of those detected deteriorations are repeated or increasing and with time, there is a clear risk that the CCP will infringe its collateral or default procedures requirements.

g. Investment policy

The first trigger in respect of the investment policy requirements is where the CCP *infringes* the requirements under *Article 47 of EMIR or Articles 43 to 46 of* Delegated Regulation *153/2013*.

The second trigger in respect of the investment policy requirements is where the CCP *is likely to infringe in the near future* the requirements under Article 47 of EMIR or Articles 43 to 46 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger, is, for example, any of the following, where:

(i) the CCP shows a continued deterioration in relation to investments and the management of the investment policy requirements, where, with time, there is a clear risk that the CCP will infringe its investment policy requirements or affect its capital position, potentially evidenced by:

- insufficiency in applying investment processes,
- shortfalls in the decision making and monitoring processes relating to the CCP's investments,
- erroneous booking of investment trades,
- ineffective monitoring of the arrangements or the credit quality of its financial counterparties or financial service providers,
- concerns on the possibility to liquidate the investments with minimal adverse price effect,

and where any of those detected deteriorations are repeated or increasing;

(ii) the CCP experiences investment losses either regularly or rapidly, and the build-up of losses is likely to challenge the capital position of the CCP.

h. Default procedures

The first trigger in respect of the default procedures requirements is where the CCP *infringes* the requirements under Article 48 of EMIR.

The second trigger in respect of the default procedures requirements is where the CCP is *likely to infringe in the near future* the requirements under Article 48 of EMIR.

An indicator, for the identification of the second trigger, is, for example, where the CCP shows a continued deterioration in its management of the default procedures, measured by indicators such as (but not limited to) any of the following, where:

(i) the CCP repeatedly fails to undertake actions to improve its default procedures further to the identification of shortcomings in these procedures;

(ii) the approach taken by the CCP to ensure enforceability of the default procedures is subject to shortcomings or is not working;

(iii) the CCP's efforts to assess the transfer of positions is lacking details,

(iv) and where any of those detected deteriorations are repeated or increasing and where, with time, there is a clear risk that the CCP will infringe the requirements for default procedures.

i. Review of models, stress testing and back testing

The first trigger in respect of the requirements for review of models, stress testing and back testing controls is where the CCP *infringes* the requirements under Article 49 of EMIR or Articles 47 to 61 of Delegated Regulation153/2013.

The second trigger in respect of the requirements for review of models, stress testing and back testing controls is where the CCP *is likely to infringe in the near future* the requirements under Article 49 of EMIR or Articles 47 to 61 of Delegated Regulation 153/2013.

An indicator, for the identification of the second trigger, is, for example, where the CCP shows a continued deterioration in its management of the review of models, stress testing and back testing, measured by indicators such as (but not limited to) any of the following, where:

(i) there are signs that the frequency of reviewing and applying stress tests/back tests are reducing;

(ii) there are concerns identified in relation to the independency of the reviews;

(iii) the input used in its stress testing is not quality checked, vague, subject to interpretation and is therefore leading to less detailed or precise outcomes,

and where any of those detected deteriorations are repeated or increasing and where, with time, there is a clear risk that the CCP will infringe the requirements for the review of stress testing and back testing.

j. Settlement

The first trigger in respect of the settlement requirements is where the CCP *infringes* the requirements under Article 50 of EMIR and Articles 50a-d of EMIR.

The second trigger in respect of the settlement requirements is where the CCP *is likely to infringe in the near future* the requirements under Article 50 of EMIR and Articles 50a-d of EMIR.

An indicator, for the identification of the second trigger, is, for example, any of the following, where:

(i) the CCP does not meet, or there is a clear risk that the CCP will not meet, its settlement obligations in any of the relevant currencies as they fall due and where any of those detected failures are not remedied within a given time period, is significant, repeated or increasing, and where, with time, there is a clear risk that the CCP will infringe its obligation under EMIR;

(ii) the CCP shows a continued deterioration in its management of the settlement liabilities of the CCP, for example where the CCP is not continuously exploring the possibility to use central bank money or where the steps taken by the CCP to strictly limit cash settlement risks are less efficient, and where any of those detected deteriorations are repeated or increasing and where, with time, there is a clear risk that the CCP will infringe the requirements for default procedures.

Guideline 5: Trigger in relation to identified concerns of EMIR compliance

The indicators for the trigger on EMIR compliance are listed below and are to be monitored by competent authorities. Where one of them is met, the competent authority should assess and decide on the potential application of early intervention measures.

Indicators, for the identification of the trigger on EMIR compliance, are, for example, any of the following situations, where:

(i) an identified concern is material and is left unresolved, repeated or increasing;

(ii) there are clear signs that the CCP is likely to fail to undertake material corrections of findings as requested by the competent authority in relation to the relevant EMIR requirements;

(iii) there are clear signs that:

- the CCP will fail, or there is a significant risk that the CCP will fail, to make when due, material payments;
- the CCP will fail, or there is a significant risk the CCP will fail, to comply with core agreement or perform material obligations as they fall due;
- the CCP makes its payments with an increased delay,
    - o and where any of those detected failures is not remedied within a given time period, is significant, repeated or increasing,
    - o and with the passing of time,
- there is a clear risk that the CCP will pose a risk to the financial stability of the Union or one of its Member States; or
- there is a clear risk that the identified concern will, or is likely to, negatively affect the CCP's ability to perform its clearing services in the Union or one of its Member States.

An **identified concern** means any material discoveries of infringements, breaches, near-breaches or shortfalls in its application of EMIR or other applicable rules and other identified mismanagements or other concerning discoveries as to the CCPs ongoing compliance with the EMIR requirements and where the discovery is not covered by Guidelines 3 and 4.

Guideline 6: Trigger in relation to a CCP's impact on other entities with risks to the financial stability

The indicators for the trigger on a CCP's impact on other entities with risks to the financial stability are listed below and are to be monitored by competent authorities and where one of them is met, to be assessed by the competent authority to decide on the application of early intervention measures.

An indicator, for the identification of the trigger on a CCP's impact on other entities with a risk to financial stability, is, for example, any of the following situations where:

a) the CCP's margins and collateral policies may lead to overtly procyclicality and creating liquidity issues at the clearing members (including clients and indirect clients);

b) an operational incident of the CCP that may materially adversely affect (i) the services of other FMIs or (ii) other entities such as exchanges or matching platforms has happened or is likely to happen;

c) the amount of liquid resources the CCP is able to claim whether in BAU or in a default scenario is likely to pose a threat to the stability of a counterparty required to provide such resources to the CCP;

d) the CCP is inflicting or likely to inflict a cost or a requirement on clearing members that will put at risk the access to clearing for such members of the affected services,

and if the identified issue is left unresolved, is repeated or increasing and where, with time, there is a clear risk that the CCP will pose a risk to the financial stability of the Union or one of its Member States.

Guideline 7: Trigger on a CCP's operational viability

The indicators for the trigger on a CCP's operational viability are listed below and are to be monitored by competent authorities. Where one of them is met, the competent authority should assess and decide on the potential application of early intervention measures.

An indicator, for the identification of the trigger on a CCP's operational viability, is where the competent authority identifies indications of an emerging crisis situation at the CCP that could affect the operations of the CCP, such as operational or organisational shortcomings, risks or constrains that will, or are likely to, negatively affect the CCP's operational viability and in particular its ability to provide its clearing services.

When assessing the presence of any operational or organisational shortcomings, risks or constrains, the competent authority shall consider at least the following situations:

a) Loss of critical staff, such as risk management personnel or other personnel involved in the management of trades, collateral, or the liquidation strategy of a defaulting member.

b) The presence of a major operational risk loss event/incident or a major reputational incident such as IT failures, fraud, cyber-attacks and natural disasters where the CCP is unable, or is likely to be unable, to recover from or to address in a timely manner.

c) The failure of a critical third-party entity prevents the CCPs to fulfil all or part of its obligation towards its participants, including settlement of transactions and payments of margin calls.

d) A CCP may be unable to address severe operational constraints in a timely manner, where for instance business continuity plans prove not to be adequate to restore the CCP's operations.

e) Operational events at the CCP are of increased frequency of magnitude, including where the CCP shows a continued deterioration of assessing risk and shortcomings in its IT systems or identified IT issues are left unresolved.

f) There is an increased frequency or magnitude of operational constrains at interconnected entities such as (i) interoperable CCPs, (ii) FMIs or (iii) service providers (on which the CCP relies to provide its critical functions such as IT cloud services).

g) There are corporate events that are likely to negatively affect the soundness of the CCP.

Guideline 8: Trigger on the CCP's financial viability

The indicator for the trigger on a CCP's financial viability is described below and is to be monitored by competent authorities. Where it is met, the competent authority should assess and decide on the potential application of early intervention measures.

The indicator, for the identification of the trigger on a CCP's financial viability, is where the competent authorities identify indications of an emerging crisis situation at the CCP that will, or is likely to, negatively affect the CCP's financial viability and that could risk the CCP's operations and in particular its ability to provide its clearing services.

When assessing this indicator, the competent authority should consider at least the following situations:

a) The CCP is facing legal action from clearing members or external stakeholders or there is an ongoing or expected litigation, where the amount at risk, or the known or unknown settlement amount, may jeopardize the financial viability or soundness of the CCP.

b) Issued or anticipated regulatory sanctions where the amount at risk may jeopardize the financial viability or soundness of the CCP or the CCP receives significant remarks from external auditors.

c) Increase in costs and/or reduction in income leading to a doubt of the viability of the CCP as a going concern.

d) The membership of the CCP undergoes material adverse changes such as a deterioration in the creditworthiness of clearing members where these changes may jeopardize the financial viability or soundness of the CCP.

e) The CCP is experiencing a loss of clearing members or confidence in its ability to manage risks, operationally and/or financially, which may put it in the position that it is no longer able to carry out its business activities and jeopardize the financial soundness of the CCP. This may be evidenced by:

    (i) a decrease in transactions submitted for clearing, or

    (i) the intention of clearing members to terminate their contracts with the CCP (termination notice).

Guideline 9: Trigger for emerging crisis

The indicator for the trigger of emerging crisis due to external effects is described below and is to be monitored by competent authorities. Where it is met, the competent authority should assess and decide on the potential application of early intervention measures.

The indicator, for the identification of the trigger of an emerging crisis, is , for example, where the competent authorities identify an emerging crisis situation outside the CCP that could materially affect the operations of the CCP and in particular its ability to provide its clearing services.

When assessing this indicator, the competent authority should consider at least the following situations:

a) A material amount of defaults in a given sector.

b) Significant issues in the functioning of a market or market segment.