

## **April 2016**

The European Commission and the US Commodity Futures Trading Commission established an equivalence regime that will allow US central counterparties (CCPs) to operate in Europe, and EU CCPs to operate in the US. This is likely to bring significant benefits for CCPs and market participants by encouraging competition in the EU-US cross border derivative markets, as the implementation of the common approach between US and EU regulators will avoid fragmentation of those markets and punitive capital exposure for market participants clearing those EU-US cross border swaps through a US CCP while they are subject to EU rules and vice versa. However, CCPs will need to meet certain conditions in order to be allowed to operate across borders in this way.

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