

ESMA clarifies CCPs' liquidity risk assessment under EMIR

The European Securities and Markets Authority (ESMA) has published today an [opinion](#) which sets out how central counterparties (CCPs) in the EU should consider in their internal risk models the liquidity risk posed by all entities towards which the CCP has a liquidity exposure, such as liquidity providers.

The opinion, published under the European Markets Infrastructure Regulation (EMIR), outlines how CCPs should assess liquidity risk, and by so doing promotes convergent risk management practices and risk control across EU.

This opinion outlines the assessment of the liquidity risk posed by liquidity providers regardless whether or not these being a clearing member. ESMA clarifies that CCPs should include, in the measurement of their liquidity needs, the default of their top two clearing members in all their capacities vis-à-vis the CCP, in addition to assessing in their stress testing scenarios all entities towards which the CCP has a liquidity exposure.

ESMA's opinion is addressed to competent authorities responsible for CCP supervision.