

EU rond de tafel met de European Association of Corporate Treasurers om bezwaren tegen central clearing van derivaten voor corporates te bespreken.

EU firms push for derivatives rule exemption, by Huw Jones Reuters

Over 160 top corporate users of derivatives warned about higher business risks on Wednesday if the European Union adopts tougher rules on derivatives trading in a blanket fashion.

The EU's executive European Commission has been consulting on how to crack down on the vast, but lightly regulated and opaque, \$600 trillion off-exchange derivatives market which critics say amplified credit crunch fallout.

"The European Association of Corporate Treasurers and end-users are encouraging consideration of how the existing, mature use of over-the-counter derivatives can be maintained, most likely through some form of explicit recognition that the regulatory proposals are not intended to extend to non-financial companies," the EACT said in a statement.

The association also expressed its concerns in a letter to the incoming European Commission which is due to propose a draft law by mid-year to regulate derivatives. EACT members such as Air France, GlaxoSmithKline, British Airways, Anglo-American and Daimler use privately-negotiated derivatives contracts to limit risks such as from volatile fuel prices or foreign exchange exposures.

The Commission has said that in principle, standardised private contracts should either be centrally cleared or backed by collateral in a bid to cut risky exposures. Trading the contracts on an exchange was also preferable.

The views are in line with pledges agreed by the G20 group of leading nations to apply lessons from the credit crunch.

Big corporations in the United States have secured exemptions from central clearing in a bill adopted by the House of Representatives in December. The Senate, however, wants narrower exemptions and has yet to adopt its bill.

The derivatives sector itself is also pushing for a common approach on both sides of the Atlantic.

EACT said mandatory collateralisation of contracts may threaten economic recovery by tying up capital, cut hedging, bump up costs and increase business risks.

Mattias Levin, a Commission official, said last month a "paradigm shift" was needed after the near collapse of U.S. insurer AIG <AIG.N> and demise of Lehman Brothers bank, both heavily involved in derivatives.

"The burden of proof lies with those who believe central clearing is not needed," Levin said at the time.

But the concerns of non-financial companies were real and the Commission will ensure they are not harmed, Levin said.

"I welcome the signs that the European Commission recognises the depth of this concern and is keen to enter into a constructive dialogue with the EACT and individual companies to fully understand the issues we are highlighting," EACT Chairman, Richard Raeburn said on Wednesday.