

CROSS-BORDER COOPERATION ARRANGEMENT

AMONG

AUTHORITIES OF THE CRISIS MANAGEMENT GROUP

FOR CC&G

(“ARRANGEMENT”)

PREAMBLE

1. In view of enhancing cooperation in resolution, the Authorities hereby enter into this Cross-Border Cooperation Arrangement in relation to Cassa di Compensazione e Garanzia (CC&G) (“**Arrangement**”).
2. In accordance with the Financial Stability Board’s Key Attributes of Effective Resolution Regimes for Financial Institutions (“**Key Attributes**”, KAs), particularly KA 9 (“Institution-specific cross-border cooperation agreements”), Appendix I – Annex 2 (“Essential Elements of Institution-specific cross-border cooperation agreements”), and Appendix II – Annex 1 (“Resolution of FMIs and FMI participants”), this Arrangement is intended to facilitate the taking of effective resolution measures in respect of CC&G in the event of its crisis.
3. For the purpose of this Arrangement, the “Crisis Management Group for CC&G” (“**CMG**”) is a permanent, although flexible, structure for cooperation and coordination among the Authorities involved in the resolution of CC&G, with the objective of enhancing preparedness for, and facilitating the resolution of CC&G in the event of its crisis. The Arrangement constitutes a statement of intent for the home Authorities and the key host Authorities to fulfill the requirements of the FSB KA 8 (“Crisis Management Groups”).
4. Given the ongoing international and EU developments on the composition and assignments of CMGs for financial market infrastructures (“**FMIs**”), the CMG will initially focus on the resolution planning in relation to CC&G, consistent with CC&G’s recovery plan and in cooperation with the college established under article 18 of Regulation (EU) No 648/2012 (“the EMIR college”). In a similar manner, this CMG will initially be composed following the current international standards, in particular the Key Attributes for FMIs which determine that: “For any such FMI, the CMG (or equivalent arrangement) should include the resolution authorities responsible for the FMI, the authorities that participate in the cooperation arrangements adopted in accordance with Responsibility E and other relevant authorities, of the jurisdictions where the FMI has operations that are material to its resolution”.¹
5. The CMG composition may be reviewed, where necessary, once relevant international guidance on the composition of crisis management groups or EU regulatory framework have been finalized, also considering the implementation of Responsibility E of CPSS-IOSCO’s Principles for Financial Market Infrastructures through the EMIR college.
6. The Authorities have signed this Arrangement setting out how they will work together and cooperate with a view to facilitating institution-specific resolution planning with an emphasis on cooperation in the event of CC&G’s resolution. The provisions of this Arrangement are without prejudice to the provisions (i) on other cross-border cooperation arrangements including those governing the EMIR college and (ii) on the cooperation framework set out in Regulation (EU) No 648/2012 (EMIR), as well as (iii) any future European regulation dealing with the resolution framework for central counterparties.
7. In accordance with KA 9, Appendix I – Annex 1, and Section 9 of Appendix II - Annex 1 (part I) of the Key Attributes, this Arrangement lays out the basis for cooperation among the Authorities and the practical organization of the resolution activities in respect of CC&G in the resolution planning and resolution execution phase. These

¹ Key Attributes, Appendix II - Annex 1 (Resolution of FMIs and FMI participants), paragraph 9.2.

activities include, but are not necessarily limited to, the role of the CMG itself, information sharing among Authorities pursuant to this Arrangement and with the EMIR college for CC&G, the development of the Resolution Plans for CC&G, and the conduct of resolvability assessments.

ARTICLE 1: DEFINITIONS

8. In this Arrangement, unless otherwise specified:

“Authority” means a signatory to this Arrangement.

“Confidential Information” means non-public information.

“CCP” means central counterparty.

“Home Authority” means Banca d’Italia as lead supervisor of CC&G and chairing authority of CC&G’s Crisis Management Group.

“Home Authorities” means the Home Authority and the supervisory and oversight authorities of CC&G as well as the Italian Ministry of Economy and Finance.

“Host Authority” means each Authority which is material for the resolution strategy, i.e. which is responsible for the supervision or resolution of CC&G’s major clearing members or oversight, supervision or resolution of an FMI CC&G has a link with;

“Key Attributes” means the Financial Stability Board’s guidance presented in Key Attributes of Effective Resolution Regimes for Financial Institutions, and its Annexes.

“KA” means an individual key attribute within that document.

“Recovery Plan” means the plan for the recovery of CC&G as drawn up and maintained by CC&G.

“Resolution Plan” means the plan for the resolution of CC&G.

ARTICLE 2: CC&G

9. CC&G is a central counterparty incorporated in Italy.

10. On 20 May 2014, CC&G was authorized as a central counterparty (CCP) pursuant to Regulation (EU) No 648/2012 (EMIR).

11. CC&G is subject to regulatory regimes in and outside of Europe based on its registration status in such other jurisdictions.

12. CC&G is systemically important in more than one jurisdiction according to the criteria provided in the FSB “Guidance on Central Counterparty Resolution and Resolution Planning” due to its interoperability arrangement with the French CCP LCH SA.

ARTICLE 3: PRINCIPLES AND OBJECTIVES OF COOPERATION

3.1 PRINCIPLES

13. The following principles apply to this Arrangement:

- a. the Arrangement is consistent with the Key Attributes, Regulation (EU) No 648/2012 (EMIR), and with the applicable laws and regulations of the Authorities;
- b. multilateral cooperation among the Authorities with respect to resolution planning and resolution action in relation to CC&G takes place through the CMG; bilateral cooperation takes place between Authorities for matters of relevance to the respective Authorities;
- c. the Authorities acknowledge that the initiative to set-up the CMG for CC&G as well as to underwrite this cooperation arrangement and to develop a resolution plan for CC&G stems from the recommendation of the Resolution Steering Group of the Financial Stability Board addressed to lead supervisory authorities of CCPs that are systemically important in more than one jurisdiction but are incorporated in jurisdictions without a legal framework for CCP resolution;
- d. the Authorities undertake to foster cooperation with CC&G's college of supervisors established pursuant to article 18 of EMIR as needed;
- e. while the CMG does not have legal personality and does not have decision-making powers, it plays a role in the coordination of relevant resolution activities and enhancement of resolution planning and cooperation with regard to CC&G.

3.2. OBJECTIVES

14. The objectives of the Arrangement are the following:

- a. to pursue financial stability and facilitate the maintenance of those functions carried out by CC&G which have been identified as critical functions confirmed by the Home Authority, while minimizing the use of public funds;
- b. to the extent permitted by the Authorities' respective laws, to facilitate the exchange of information, views and assessments among Authorities in order to allow for more efficient and effective resolution and timely action in crisis situations;
- c. to coordinate resolution planning and establish resolution processes, with a view to facilitating, as necessary, an orderly resolution of CC&G, including its restructuring, assets sales, liquidation or wind-down, where appropriate, in the event of any crisis affecting it;
- d. to ascertain that resolution planning and recovery planning are mutually consistent;
- e. to help identifying solutions for addressing impediments to the resolvability of CC&G that have the smallest impact on the CCP's business model.

ARTICLE 4: COOPERATION FRAMEWORK

15. The Home Authority takes the lead in coordinating the activities covered by the Arrangement.

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16. The Home Authority will coordinate and chair the CMG, and decide which other relevant authorities participate in a meeting or in an activity of the CMG. On the basis of legal developments and the operational capabilities of the CMG, the Home Authority will incorporate, if need be, those other relevant authorities in the CMG, on a best efforts basis, through “Addenda” to this Arrangement, duly endorsed by all Authorities. Such participation will follow any relevant FSB guidance and EU Regulation.
 17. The Home Authority will keep all Authorities fully informed, in advance, of the CMG meetings, of the main issues to be discussed and the activities to be considered. Authorities who choose not to attend a meeting will be kept fully informed, in a timely manner, of the actions agreed in that meeting as well as of the measures carried out after CMG meetings.
 18. The Authorities agree to cooperate, within the scope of their respective mandates, roles, responsibilities and powers, in the resolution planning process and to share all relevant information to the extent permitted by their respective laws in order to ensure, in particular, that the resolution plans of the entities under their respective responsibility are consistent and to help prepare for a coordinated resolution of CC&G.
 19. Subject to the Authorities’ legal and regulatory remit, the Authorities endeavor to work together to devise a resolution strategy that is aimed at pursuing financial stability and allowing for the maintenance of those functions carried out by CC&G which have been identified as critical functions by the Home Authority, while minimizing the use of public funds, duly considering the potential impact of their resolution actions on financial stability of other jurisdictions.

4.1 COMPOSITION AND FUNCTIONING OF THE CMG

20. The CMG facilitates the performance by the Authorities of the activities described in the Key Attributes.
21. Given the ongoing international and EU developments on the composition and assignments of CMGs for FMIs, the CMG will initially focus on CC&G’s resolution planning and on its consistency with the recovery planning, in cooperation with CC&G’s EMIR college. In a similar manner, the CMG will initially be composed following the current international standards and therefore will comprise the following Authorities:
 - (i) The Home Authority;
 - (ii) National supervisory and oversight authorities of CC&G;
 - (iii) The Italian Ministry of Economy and Finance;
 - (iv) Central banks of issue of the most material currencies, based upon products cleared;
 - (v) Supervision and resolution authorities of entities belonging to the same group that are material to the resolution of CC&G;
 - (vi) Supervision, oversight and resolution authorities of interoperable CCPs;
 - (vii) European Securities and Markets Authority (“ESMA”), in consideration of Article 24 of EMIR;
 - (viii) Supervision and resolution authorities of the clearing members with the largest contributions to CC&G’s default fund.

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22. The Home Authority may from time to time:
 - a. Invite additional authorities and/or central banks to join the CMG, provided that they meet one of the conditions set forth in paragraph 21 and sign a copy of this Arrangement (as amended from time to time) and that the Authorities, notified by written notice of the identity of such additional parties at least 30 days in advance of the invitation, explicitly agree on their participation. For the avoidance of doubt, such an invited authority may be an EEA authority or a non-EEA authority.
 - b. Remove members of the CMG who no longer meet the conditions of paragraph 21 or subsequent international standards for CMGs for FMIs.
 23. Any of the Authorities may request an ad-hoc meeting of the CMG, giving a specific reason. Depending on the circumstances such as the urgency or the relevance to other Authorities, CMG meetings may take place via teleconference.
 24. The Authorities will nominate contact persons who will represent them in the activities covered by the Arrangement and will participate in the CMG. A list with their contact details is attached to this Arrangement (Annex 1 to be filled-in). This list includes at least direct phone numbers and emails of the contact persons.

4.2 BILATERAL COOPERATION OUTSIDE THE CMG

25. The Home Authority has the responsibility to keep authorities that are not members of the CMG informed on a bilateral basis, if need be, of developments regarding the CMG's work.
26. Confidential Information exchanged in the context of the CMG must not be shared with authorities that are not parties to this Arrangement without having obtained the prior and express consent of the Authority that produced or provided the Confidential Information (the "**Producing Authority**") in accordance with paragraphs 50 and 51 of this Arrangement.

4.3 RESOLUTION PLANS

27. The Home Authority aims to elaborate over time and maintain a detailed resolution plan for CC&G. The Resolution Plan should consider such plan's overall effect on financial stability in any other jurisdictions concerned, subject to the Authorities' legal and regulatory remit at any given time.
28. The Resolution Plan should include credible and feasible options to cope with a range of severe stress crisis scenarios. It should also identify broad strategies available to the Authorities to resolve CC&G. In accordance with Section 11.6 (vi) of the Key Attributes, the plan should contain principles for the exit from the resolution process.
29. The Authorities should, within the scope of their respective mandates, roles, responsibilities and powers, exchange views on the potential impact of any strategies and proposed actions on the real economy, on domestic and EU-wide financial stability, and on the global financial system.
30. Where consistent with their respective mandates, roles, responsibilities and powers, Authorities which have material concerns regarding the Resolution Plan should submit them in writing to the Home Authority, setting out proposed remedies.

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31. The CMG should review, whenever necessary, any other arrangements, strategies, processes and mechanisms implemented by CC&G to ensure that those arrangements, strategies, processes and mechanisms are consistent with relevant resolution measures.
 32. The CMG should also assess, under the Home Authority's leadership, CC&G's resolvability, using existing FSB guidance, as well as CC&G's demonstrated ability, as part of the resolution planning process, to produce the essential information needed to support an effective resolution in a timely fashion. Based on such an assessment, the Home Authority should draw CC&G's attention to any potential impediments to an orderly resolution that have been identified and require it to submit for review the corrective actions it intends to take to remove them.
 33. The Authorities will participate in the CMG through a representative at an appropriately senior level, to contribute to the review of CC&G's overall resolution strategy, which shall be conducted at least annually.
 34. The Authorities will promptly inform each other of any material changes to their resolution frameworks.

4.4 COOPERATION AND COORDINATION DURING BUSINESS AS USUAL

35. The Authorities should strive to reach a common view within the CMG in case of divergent views regarding the application of the Key Attributes and relevant FSB Guidance to a matter related to the resolution of CC&G in a cross-border context.
36. Subject to the relevant Authority's legal and regulatory remit, each Authority will work with the other Authorities, both during business as usual periods and in times of crisis, to identify and, to the extent possible, address any legal and operational impediments to the effective cross-border resolution of CC&G under the existing legal and operational frameworks relating to resolution in a cross-border context.
37. In particular, in the resolution planning process, the Authorities will work together, subject to the relevant Authority's legal and regulatory remit, to:
 - a. assess the impact of various resolution options in the relevant jurisdictions as a result of different legal frameworks;
 - b. identify the actions that may be taken by the Authorities to mitigate such impact; and
 - c. identify procedural requirements for the cross-border recognition of resolution measures.

4.5 COOPERATION AND COORDINATION IN CRISIS TIME

38. Subject to the relevant Authority's legal and regulatory remit, the Authorities endeavor to inform each other in a timely manner before taking any resolution measures.
39. The Home Authority endeavors to alert other Authorities without undue delay once it is made aware by the National competent authorities of any of the following:
 - a. supervisory early intervention measures are taken in response to financial stress;
 - b. the recovery plan is activated;
 - c. CC&G is likely to enter, or actually enters, into the resolution regime.

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40. The Authorities will apply processes defined in the CMG to keep other Authorities informed of such developments.
 41. Subject to the Authorities' legal and regulatory remit, in taking resolution actions, each party other than the Home Authority will endeavor not to preempt resolution actions by the Home Authority, whilst reserving the right to act on its own initiative if and as necessary to achieve domestic financial stability in the absence of effective action by the Home Authority.
 42. Where necessary, subject to the Authorities' legal and regulatory remit, the Authorities will work together towards a coordinated resolution of CC&G.

ARTICLE 5: INFORMATION SHARING AND CONFIDENTIALITY

43. The Authorities will exchange information relevant to the resolution planning and implementation of resolution measures for CC&G within the CMG and may share Confidential Information, as provided for in this Arrangement and to the extent permitted by the respective laws and regulations.

5.1 PROCEDURES FOR INFORMATION SHARING

44. The Home Authority will facilitate the gathering of information from all the Authorities and its sharing within the CMG. To the extent that the laws and regulations of an Authority's jurisdiction permit the sharing of Confidential Information only upon request, any requests for Confidential Information to such an Authority will be made in writing, to the extent practicable in the situation. The requesting Authority should specify the information sought, the Authority from whom the information is requested, the purpose and the urgency of the request.
45. The Authority that receives a request for Confidential Information should, to the extent it is permitted to share such information under its domestic laws, make all reasonable efforts to respond in a timely manner, taking into consideration the urgency of the request.
46. Information responsive to a request for Confidential Information, as well as any subsequent communication between the Authorities, may be transmitted electronically. Any electronic transmission should use means that are appropriately secure in light of the confidentiality of the information being transmitted. For the exchange of Confidential Information the Authorities should use secured methods of communication.

5.2 CONFIDENTIALITY

47. Confidential Information obtained by an Authority under this Arrangement will be used solely for lawful supervisory and resolution purposes, in accordance with the purpose(s) identified in the request for information, any applicable laws or regulations, any limitations placed by the providing Authority, and the provisions of this Article 5.2.
48. The Authorities should inform each other of the laws, regulations and procedures governing the confidentiality of information to be shared pursuant to this Arrangement.

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49. The Authorities agree that any Confidential Information obtained under this Arrangement will be subject, without any time limit, to the confidentiality requirements set out in this Article 5. It is recognized that the Recovery Plan and the Resolution Plan may contain information that is commercially and market sensitive and that each Authority is required to comply with legal requirements in its own jurisdiction. Access to Confidential Information at each Authority should be limited to those staff who have a direct and genuine need for such access, and Confidential Information should be used for the sole purpose for which it was required.
 50. Except as provided below in paragraphs 51, 55 and 56, before an Authority discloses any Confidential Information obtained pursuant to this Arrangement to any person other than an Authority, including another governmental entity that is not a signatory to this Arrangement, the Authority seeking to disclose such Confidential Information will request and obtain prior written consent from the Producing Authority.
 51. In the event that an Authority is required by law or legal process, including a legally enforceable demand, to disclose Confidential Information, it will, to the extent permitted by its laws, inform the Producing Authority about disclosure, in advance of disclosing such Confidential Information. If that Producing Authority does not consent to such disclosure, the Authority will take reasonable steps, to the extent permitted by its laws, to resist disclosure, including by asserting all legal exemptions or privileges as may be available to challenge the requirement or demand to disclose such Confidential Information.
 52. In the event of a breach of the provisions set out above, the Producing Authority may suspend the cooperation under this Arrangement with immediate effect. Such suspension will not affect the obligation of confidentiality concerning the Confidential Information already exchanged.
 53. The protection of confidentiality extends to analyses, evaluations and work products derived from the information shared under the Arrangement.
 54. No privileges or confidentiality associated with information provided by any Authority are waived as a result of sharing or disclosing information as contemplated by this Arrangement.

5.3 SPECIFIC CONFIDENTIALITY ARRANGEMENTS FOR SRB

55. Under Regulation (EU) No 806/2014 (“SRMR”), the Single Resolution Board (SRB) is required to disclose on an ongoing basis, during business-as-usual, confidential information with national resolution authorities (the “Onward Sharing Recipients”). In light of the ongoing nature of this requirement to disclose, which would make obtaining consent of or providing notice to the Producing Authorities of such disclosure to the Onward Sharing Recipients burdensome, it is acknowledged that the SRB may disclose Confidential Information to the Onward Sharing Recipients on a need-to-know basis pursuant to the mentioned requirement, subject to the following conditions:
 - a. Before disclosing Confidential Information to the Onward Sharing Recipients, the SRB will obtain assurance from each Onward Sharing Recipient receiving such Confidential Information, that, in addition to professional secrecy requirements as may be required by law, the Confidential Information will be used solely to the extent and within the limits of the statutory role of the

Authority in the operation of the resolution regime in accordance with that Authority's jurisdiction applicable laws and regulations;

- b. The SRB will inform the Producing Authorities on a regular basis of any information shared with any of the Onward Sharing Recipients as a result thereof;
 - c. The Onward Sharing Recipients will ensure to the SRB that the Confidential Information will not be further disclosed, except to other national resolution authorities on a need-to-know basis. In such cases the Onward Sharing Recipient will inform the SRB in advance of and justify the need for the further disclosure.
56. The SRB has an ongoing legal obligation to share certain Confidential Information with the European Commission, in its capacity as permanent observer in the SRB's decision making bodies, and with the Council of the European Union, for the performance of their role under Article 18 SRMR. The nature of this ongoing obligation to share Confidential Information is such that there are no reasonable steps that the SRB could take to prevent the disclosure.

ARTICLE 6: EXTERNAL COMMUNICATION

57. The Home Authority is responsible for communicating with CC&G about the CMG's work, including the main findings of the resolvability assessment and any agreed views.
58. CC&G and/or entities of material interest for the resolution of CC&G belonging to the same group may be invited to attend the CMG meetings.
59. In the event of resolution, the Authorities will coordinate with each other to ensure consistency of external communications, both at the time of the resolution and in the period following its execution.

ARTICLE 7: FINAL PROVISIONS

60. The Authorities may have existing bilateral arrangements (e.g., Memoranda of Understanding) or may execute bilateral arrangements in the future. This Arrangement is not intended to amend or supersede pre-existing arrangements or limit the terms of any future arrangement.
61. This Arrangement is not legally binding and not legally enforceable. Its provisions do not give rise to any legal claim on behalf of any Authority or third parties. This Arrangement should be interpreted and implemented in a manner that is permitted by, and consistent with, the laws, regulations and requirements applicable to each Authority.
62. The existence of this Arrangement may be publicly disclosed. If required by law or judicial order, or in the proper exercise of an Authority's institutional functions, powers or obligations, an outline of the provisions of this Arrangement or all or portions of this Arrangement may also be publicly disclosed. If an Authority discloses any part of this Arrangement, it will inform the Home Authority, which will inform the other Authorities.

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63. The operational working language to be used in the CMG and in communication between the CMG and the EMIR college is English.

7.1 IMPLEMENTATION OF THE ARRANGEMENT

64. Any modification to this Arrangement (including any addition to the list of Authorities which are parties to this Arrangement) should be explicitly agreed in writing by all Authorities.
65. The Authorities will inform each other in the event of any material changes in their relevant laws including any applicable final opinions rendered by a court of competent jurisdiction. The Authorities will revise and update this Arrangement and its annexes when necessary to appropriately reflect any material changes in the overall structure of their cooperation procedures.
66. In the event of disagreement regarding the interpretation of this Arrangement, the Authorities will venture to discuss the differing interpretations and seek to find a common interpretation.
67. This Arrangement will remain in effect indefinitely from the date it is signed by all Authorities.
68. Should an Authority wish to discontinue its participation to this Arrangement, it must give written notice to the other Authorities as soon as possible. In any case, the confidentiality provisions in this Arrangement will continue to be in effect with respect to any Confidential Information disclosed.
69. The confidentiality provisions will continue to apply to all Confidential Information in the possession of any Authority even if the Authority is no longer a party to this Arrangement.

7.2 SUCCESSOR

70. Any entity becoming successor, or assuming the institutional functions, powers and duties of an Authority will become a party of this Arrangement.

ANNEX 1

List of Authorities

Authority	Role (as per paragraph 21)
Banca d'Italia	Chair Supervisory and oversight authority of CC&G Supervisory authority of the clearing members with the largest contribution to the default fund Resolution authority of the clearing members with the largest contribution to the default fund Representative of the Eurosystem as central bank of issue of the main currency in which the financial instruments cleared are denominated
Autorité de Contrôle Prudentiel et de Resolution	Supervisory authority of the interoperable CCP Supervisory authority of the clearing members with the largest contribution to the default fund Resolution authority of the interoperable CCP Resolution authority of the clearing members with the largest contribution to the default fund
Autorité des Marchés Financiers	Supervisory authority of the interoperable CCP Supervisory authority of the clearing members with the largest contribution to the default fund
Banque de France	Supervisory and oversight authority of the interoperable CCP
ECB/SSM	Supervisory authority of the clearing members with the largest contribution to the default fund
Single Resolution Board	Resolution authority of the clearing members with the largest contribution to the default fund
CONSOB	Supervisory authority of CC&G
Ministero dell'Economia e delle Finanze	Italian Ministry of Economy and Finance
ESMA	European Securities and Markets Authority, in consideration of Article 24 of EMIR