

Partners Carolyn Jackson and Nathaniel Lalone Quoted in *Futures & Options World* Regarding Potential "Clearing Cliff" for Non-EU Clearing Houses

October 14, 2014

Carolyn Jackson and Nathaniel Lalone, partners in Katten Muchin Rosenman UK LLP, discussed with *Futures & Options World* how the industry faces a "clearing cliff" if the European Commission does not grant recognition to non-EU clearing houses. Carolyn said, "It's not that the contracts of the non-EU clearinghouses can't be cleared; clearing will just be too expensive from a capital perspective for EU credit institutions." She also noted, "Having the business flow to US and other non-EU brokers is surely neither the desired nor intended result for the European Commission."

Commenting on the potential disruption for EU institutions who are members of international clearing houses if the issue is not addressed before December 15, Nathaniel said, "The industry is currently faced with the unwelcome prospect of a 'clearing cliff' where access to clearing could be disrupted after December 15 to the extent that EU credit institutions attempt to shore up their capital position by limiting the ability of their subsidiaries to serve as clearing members of non-EU clearinghouses." He further noted, "There are really only two ways to avoid going over the cliff: either grant recognition under EMIR to non-EU clearinghouses by December 15, or find some way of extending the deadline until such recognition is possible." (["Industry Faces 'Clearing Cliff' – Lawyers,"](#) October 10, 2014)

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