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Directorate-General for Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Bruxelles/Brussel
Belgium

Sent by email

7 May 2021

**ICMA LETTER IN SUPPORT OF ISLA RESPONSE TO EUROPEAN COMMISSION TARGETED CONSULTATION
ON THE REVIEW OF THE FINANCIAL COLLATERAL DIRECTIVE**

Dear Sir/Madam,

The International Capital Market Association (ICMA) is pleased to note [the European Commission's targeted consultation on the review of the Financial Collateral Directive \(FCD\)](#) and takes this opportunity to write a letter in support of the International Securities Lending Association (ISLA) response to the same, such response having been submitted using the European Commission's [online consultation form](#).

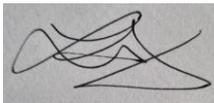
In particular, ICMA would highlight the following:

- (i) The FCD is essential in terms of recognising the efficacy of netting mechanisms and giving effect to security arrangements;
- (ii) The scope of the FCD should be as broad as possible so as to support credit mitigation techniques and efficient markets;
- (iii) National divergence in terms of the application of the FCD should be minimised, to the extent possible;
- (iv) ICMA commissions [legal opinions to support the use of the Global Master Repurchase Agreement \(GMRA\)](#) in various European jurisdictions. The legal opinions consider, inter alia

- the effect of the BRRD2, including consideration of the impact on termination rights and close out netting;
- (v) ICMA agrees with the suggestion that a thorough review and impact assessment be conducted before amendments to the FCD are made to accommodate the use of DLT or crypto-assets, in order to avoid any unintended consequence on financial transactions not making use of such features.

We remain at your disposal should you require further information on the above and note our willingness to remain engaged on this file.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lisa Cleary', is shown within a rectangular grey box.

Lisa Cleary
Senior Director, Legal