DOCUMENT	SECTION	ARTICLE		
		CONTENT	**SUBTITLE**	**TITLE**
		<div class="crrArticle">For the purposes of this Regulation the following definition shall apply:guarantee means an explicitly documented legal obligation by a guarantor to cover payments of the amounts due or that may become due pursuant to the OTC derivative contracts covered by that guarantee and entered into by the guaranteed entity to the beneficiary where there is a default as defined in the guarantee or where no payment has been effected by the guaranteed entity.</div>	Definitions	Article 1
		<ol class="crrNumList"> An OTC derivative contract shall be considered as having a direct, substantial and foreseeable effect within the Union when at least one third country entity benefits from a guarantee provided by a financial counterparty established in the Union which covers all or part of its liability resulting from that OTC derivative contract, to the extent that the guarantee meets both of the following conditions: <ol class="crrCharList"> - it covers the entire liability of a third country entity resulting from one or more OTC derivative contracts for an aggregated notional amount of at least EUR 8 billion or the equivalent amount in the relevant foreign currency, or it covers only a part of the liability of a third country entity resulting from one or more OTC derivative contracts for an aggregated notional amount of at least EUR 8 billion or the equivalent amount in the relevant foreign currency divided by the percentage of the liability covered; - it is at least equal to 5 per cent of the sum of current exposures, as defined in Article 272, point (17) of Regulation (EU) No 575/2013 of the European Parliament and of the CouncilRegulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1)., in OTC derivative contracts of the financial counterparty established in the Union issuing the guarantee. When the guarantee is issued for a maximum amount which is below the threshold set out in point (a) of the first subparagraph, the contracts covered by that guarantee shall not have a direct, substantial and foreseeable effect within the Union unless the amount of the guarantee is increased, in which case the direct, substantial and foreseeable effect of the contracts within the Union shall be re-assessed by the guarantor against the conditions set out in points (a) and (b) of the first subparagraph on the day of the increase. Where the liability resulting from one or more OTC derivative contracts is below the threshold set out in point (a) of the first subparagraph, such contracts shall not be considered to have a direct, substantial and foreseeable effect within the Union even where the maximum amount of the guarantee covering such liability is equal to or above the threshold set out in point (a) of the first subparagraph and even where the condition set out in point (b) of the first subparagraph has been met. In the event of an increase in the liability resulting from the OTC derivative contracts or of a decrease of the current exposure, the guarantor shall re-assess whether the conditions set out in points (a) and (b) of the first subparagraph are met. Such assessment shall be done respectively on the day of the increase of liability for the condition set out in point (a) of the first subparagraph, and on a monthly basis for the condition set out in point (b) of the first subparagraph. OTC derivative contracts for an aggregate notional amount of at least EUR 8 billion or the equivalent amount in the relevant foreign currency concluded before a guarantee is issued or increased, and subsequently covered by a guarantee that meets the conditions set out in points (a) and (b) of the first subparagraph, shall be considered as having a direct, substantial and foreseeable	Contracts with a direct, substantial and foreseeable effect within the Union	Article 2

		effect within the Union. - An OTC derivative contract shall be considered as having a direct, substantial and foreseeable effect within the Union where the two entities established in a third country enter into the OTC derivative contract through their branches in the Union and would qualify as financial counterparties if they were established in the Union.		
		<ol class="crrNumList"> - An OTC derivative contract shall be deemed to have been designed to circumvent the application of any provision of Regulation (EU) No 648/2012 if the way in which that contract has been concluded is considered, when viewed as a whole and having regard to all the circumstances, to have as its primary purpose the avoidance of the application of any provision of that Regulation. - For the purposes of paragraph 1, a contract shall be considered as having for primary purpose the avoidance of the application of any provision of Regulation (EU) No 648/2012 if the primary purpose of an arrangement or series of arrangements related to the OTC derivative contract, is to defeat the object, spirit and purpose of any provision of Regulation (EU) No 648/2012 that would otherwise apply including when it is part of an artificial arrangement or artificial series of arrangements. An arrangement that intrinsically lacks business rationale, commercial substance or relevant economic justification and consists of any contract, transaction, scheme, action, operation, agreement, grant, understanding, promise, undertaking or event shall be considered an artificial arrangement. The arrangement may comprise more than one step or part.	Cases where it is necessary or appropriate to prevent the evasion of rules or obligations provided for in Regulation (EU) No 648/2012	Article 3
		<div class="crrArticle">This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. Article 2 shall apply from 10 October 2014.</div>	Entry into force	Article 4