

CCP GLOBAL NEWSLETTER

Summer Edition

July 2024

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KEIZERSGRACHT
CENTRUM

MARIE-STELLA-MARIS
CARE FOR WATER



CEO Note

Dear reader,

Welcome to our summer newsletter! Democracy is a wonderful thing, and this year the world is awash with elections of all varieties – those with a very long and active lead-up to them, some announced by surprise, some in tightly knit polities, others in the largest collective formations of governments.

For our community, we held our elections for the CCP Global Executive Committee and its Officers, and also decided the (Co-) Chairs of our working committees. Alongside our membership and counterparts, I thank Kevin McClear, President of ICE Clear U.S. for his leadership of our Association over two terms, and welcome Lee Betsill, Managing Director and Chief Risk Officer, CME Clearing, as our new Chair. We also thank Slawomir Panasiuk, recently nominated to the Management Board of the Warsaw Stock Exchange, for his years of service on our Executive Committee, and welcome Pablo Rodriguez Elorza, CRO of ComDer!

For our Working Committees, we look forward to another term with the great expertise and thoughtfulness provided by our Co-Chairs. They are as follows by Committee: Ryan Hanley, Andy Ni, and Shohei Yamagata for OWC, Nathan Appel, Andy Ni, and Robert Taylor for PQDWC, Thanos Kagiara, Emily Hendrix, and Tetsuo Otashiro for PWC, and Richard Hanna, Adam Olszewski, Ashwini Panse, and Elaine Tang for RWC.

As you will find in this newsletter, these committees have been very productive, both in formulating, shaping, and conveying the views of the world's CCPs, as well as informing the broader industry on best practices, and qualitative and quantitative information on central clearing and its ecosystems.

I hope you enjoy our newsletter, and we look forward to meetings in our new Amsterdam location or elsewhere!

Teo Floor
CEO
CCP Global



Recent News

CCP Global held its Annual General Meeting in Athens

CCP Global met in Athens from the 27th to the 31st of May 2024, in coordination with the AMCC and IOSCO General Meetings. CCP Global's Annual General Meeting on the 30th of May saw discussions between members, Working Committee updates, the evaluation of the 2024-2025 workplan, and the assessment of future goals within the organisation.

The result of the Executive Committee ("ExCo") elections were announced, leading to Pablo Rodríguez Elorza from Comder to become a new member. Slawomir Panasiuk from KDPW chose not to run following years of dedicated service. Additionally, Kevin McClear, President at ICE Clear U.S., stepped down as Chair of CCP Global after leading the association over two terms, but will remain as a regular ExCo member. Lee Betsill, Chief Risk Officer of CME Clearing, was elected as Chair of CCP Global.

During this hybrid meeting, Cboe Clear Europe, previously an Observer Member, was approved to become a Primary Member, resulting in CCP Global's ranks rising to 39 Primary Members, with 3 Observer Members.

The association was further delighted to meet with Hellenic Capital Market Commission (HCMC) Chair Vasiliki Lazarakou, Securities and Exchange Board of India (SEBI) Chair Madhabi Puri Buch, and International Organization of Securities Commissions (IOSCO) Chair Jean-Paul Servais, Acting Secretary-General Tajinder Singh, and Chief of Staff Kris Nathanail. A fireside chat was hosted with Commodity Futures Trading Commission (CFTC) Chairman Rostin Behnam, and Klaus Lober, Chair of the CCP Supervisory Committee at the European Securities Markets Authority (ESMA) opened the AGM with a keynote speech. The participants discussed CCP Global's latest initiatives and future projects, reinforcing the association's commitment to promoting efficient, resilient, and transparent global markets. CCP Global also held a workshop amongst its members, including presentations from CCIL, JSE Clear, MGEX, SGX, and Takasbank.

To read the press release about our AGM
[please click here](#)



CBOE Clear is a new primary member of CCP Global

At the monthly CCP Global Executive Committee Meeting in March 2024, Cboe Clear Europe was accepted as an Observer Member of CCP Global, and then to Primary status at our AGM 2024.

Cboe Clear Europe is a leading pan-European central counterparty (CCP) that provides safe and efficient clearing and settlement services throughout Europe. offering clearing services to 47 trading venues, and is approved to clear cash equities, depositary receipts, ETFs and equity derivatives. Headquartered in Amsterdam, Cboe Clear Europe is regulated by De Nederlandsche Bank and by Autoriteit Financiële Markten. It is wholly owned by Cboe Global Markets. CCP Global is delighted to have them on board as a Primary Member.

To learn more about Cboe Clear Europe
[please click here](#)



CCP Global Post-CIDS Workshop in Madrid and 2023 CIDS Summary Report

CCP Global International Default Simulation 2023 (“CIDS 2023”) was the first multi-CCP default simulation exercise coordinated with collective industry efforts by CCPs through an association. Multiple international regulators were consulted, and CCP Global and its members were highly appreciative of their collaboration and further guidance. As a way to share post-exercise insights gained, CCP Global hosted a workshop in Madrid on the 20th and 21st of March, which included a discussion between members about Default Management best practices, a workshop between CCPs and authorities at the IOSCO premises, meetings between members and regulators, and finally a hybrid workshop with CCPs, authorities, and market participants.

CCP Global would like to express its gratitude to everyone who participated in the meetings, discussions, and workshops, as well as those who made these possible but were not able to attend.

In another effort to explore post-exercise insights, a CIDS 2023 Summary Report was published in May. This report outlined the key activities undertaken during the CIDS 2023 exercise, analysed feedback and findings, and provided a reference for future exercises. CCP Global members and office expressed their gratitude to participating CCPs, global authorities, and market participants for their roles in making the exercise a success. In the report, we summarized the feedback received from CCPs and participants (via feedback letters and workshops) and prepared responses to suggestions regarding various aspects, including communication, auction timing and bidding windows, standardization, DMG convention, auction portals, porting, and other DMP practices.

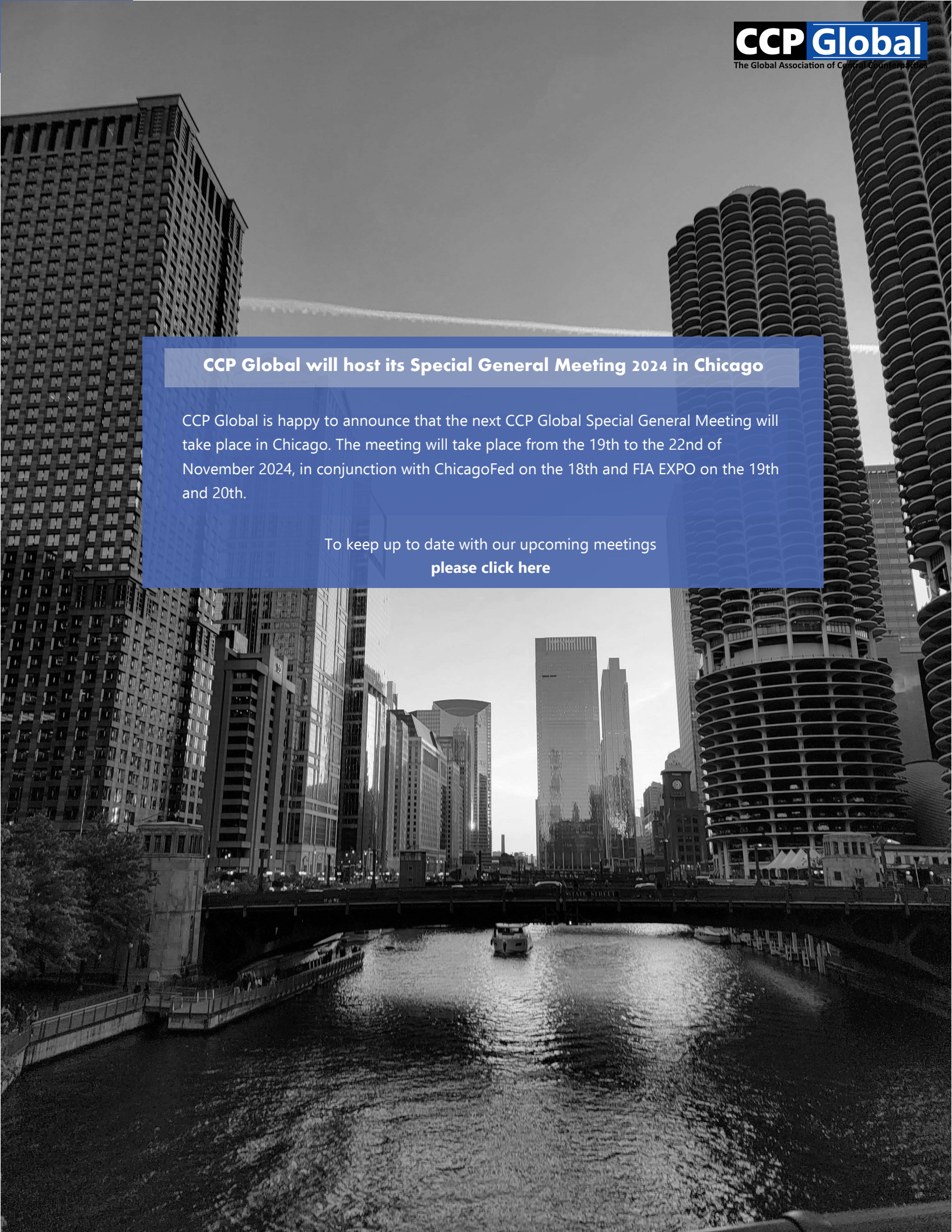
For more information on CIDS
[please click here](#)

To read the CIDS Report
[please click here](#)

CCP Global will host its Special General Meeting 2024 in Chicago

CCP Global is happy to announce that the next CCP Global Special General Meeting will take place in Chicago. The meeting will take place from the 19th to the 22nd of November 2024, in conjunction with ChicagoFed on the 18th and FIA EXPO on the 19th and 20th.

To keep up to date with our upcoming meetings
[please click here](#)



Publications

CCP Global published its 2023 Annual Markets Review

CCP Global's 2023 Annual Markets Review was a report published in May that encompassed the global economic landscape of 2023, the most notable CCP regulatory and market practices developments of last year, and a comprehensive review of CCP data and resilience in 2023, based on CCP PQDs.

In order to do this, case studies were provided by several CCP Global members, including ASX, ComDer and CRCC, Eurex, HKEX and SHCH, JSCC, and KDPW_CCP, alongside CME and LCH SA as Editorial Board members. We are grateful for their efforts and contributions, which were crucial to this publication. The CCP Global Annual Markets Review is published every year and provides analysis and context for the previous year's market environment.

To read the AMR
[please click here](#)

CCP Global responded to FSB Consultation on Liquidity Preparedness for Margin and Collateral Calls

In its June response to the FSB's Consultation report on Liquidity Preparedness for Margin and Collateral Calls, CCP Global expressed its general support for the policy recommendations and emphasized the importance of several key practices for market participants, i.e., using all available CCP tools and information to understand the margin requirements, assessing changes in their risk profiles when engaging in additional trades, and designing prudent liquidity risk management frameworks. Additionally, we urged authorities to continue their efforts to close the gaps in regulatory reporting and to enhance transparency in the non-centrally cleared markets, where a robust standard of transparency is critical to the overall stability of the financial system.

To read the full response
[please click here](#)

CCP Global responded to the CFTC NPR on Investment of Customer Funds by FCMs and DCOs

In January's response to the CFTC NPR on Investment of Customer Funds by FCMs and DCOs, CCP Global generally welcomed the CFTC's proposals, especially those making general obligations of Canada, France, Germany, Japan, and the UK permissible for FCMs and DCOs for investing balances in segregated accounts owed to customers and clearing members. We also advocated for DCO access to Federal Reserve deposit accounts and suggested a phased "cooling-off" period and flexibility regarding number of breaches before investments in Specified Foreign Sovereign Debt are limited. Moreover, while we support inclusion of Short-Term U.S. Treasury ETFs as a permitted investment, we suggested that certain modifications should be made to the Proposal to ensure that ETFs are a viable option for all FCMs and DCOs.

To read the full response [please click here](#)

CCP Global responded to the US Basel III Endgame & GSIB Surcharges Proposals

January also saw CCP Global responses to both the Regulatory Capital Rule: Large Banking Organizations and Banking Organizations With Significant Trading Activity (so called "the Basel III Endgame Proposal") issued by the OCC, the Federal Reserve, and the FDIC and the Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15) (so called "the GSIB Surcharges Proposal") issued by the Federal Reserve. CCP Global expressed concerns that the Proposals will have unintended negative consequences for central clearing and contravene clearing incentives. We also pointed to the risk of the exacerbation of the concentration of the clearing activity in the industry, which may increase systemic risk. Further, with reference to the Basel III Endgame Proposal, we provided targeted comments related to CVA requirements, operational risk capital, investment grade designation, and cross-product netting. With reference to the GSIB Surcharges Proposal, we provided targeted comments related to complexity and interconnectedness indicators, substitutability – trading volume, cross-jurisdictional indicator, and SA-CCR alpha factor.

To read the full response [please click here](#)

CCP Global responded to CFTC NPR on Protection of CM Funds Held by DCOs

In its March response to the CFTC Notice of Proposed Rulemaking on Protection of Clearing Member Funds Held by Derivatives Clearing Organizations (Link), CCP Global recognizes the critical importance of ensuring the safety of all funds posted to a DCO and commends the Commission for seeking to establish a level playing field between the traditional, FCM-intermediated clearing model and new DCOs embracing disintermediated or direct clearing models targeted at retail market participants. However, the Proposal broadly applies to both intermediated and disintermediated DCOs, irrespective of the nature of the DCO's membership. We question whether there is a need for a rule impacting DCOs with a more traditional structure and no retail investor members. Moreover, we believe that any future rulemaking should holistically address the risks specifically raised by disintermediated clearing models targeted at retail market participants, not just those related to funds protections. CCP Global further provides targeted comments on such aspects of the Proposal as DCOs investment policies, holding customer and proprietary funds at central bank, segregation and limitation on use of proprietary funds, daily reconciliation, exclusions for foreign DCOs, and appropriate time for implementation.

To read the full response [please click here](#)

CCP Global responded to BCBS-CPMI-IOSCO Consultation on IM Transparency and Responsiveness

In April, CCP Global responded to the BCBS-CPMI-IOSCO Consultative report on Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals ([link](#)), in which it emphasized that CCPs have already provided significant transparency through various channels. However, there is a general underutilization of these resources among market participants. We encouraged CMs and clients to fully utilize available resources to understand their portfolios and trades, including leveraging the disclosures provided by CCPs.

CCP Global provided feedback to all 10 proposals and expressed general opposition to imposing additional and prescriptive transparency requirements on CCPs, particularly where the associated costs outweigh the benefits. We also expressed reservations about the potential advantages and practical feasibility of several proposals, especially those related to margin simulation tools for historical, hypothetical, and emphasized market conditions, changes in PQD fields and publication frequency, and margin responsiveness measures. Excessive disclosures could be overwhelming and of limited utility. Caution must be exercised against potential overinterpretation of disclosures that may deviate from their original intents. We strongly support additional transparency from CMs to clients and CCPs and further work to enhance transparency in non-centrally cleared markets.

To read the full response
[please click here](#)

CCP Global responded to CPMI-IOSCO Report on Streamlining Variation Margin in Centrally Cleared Markets

In May, CCP Global responded to the CPMI-IOSCO Report on Streamlining variation margin in centrally cleared markets – examples of effective practices ([link](#)), where we emphasized that CCPs must retain flexibility in designing their settlement frameworks, including the intraday margin processes, and making ad hoc calls in addition to the scheduled ITD VM calls when necessary. We deemed that participants should also maintain their own evaluation of how their existing or planned trades may change in value or risk profile.

CCP Global generally agreed that the practices suggested, especially those aimed at fostering transparency and predictability and facilitating offsetting between varying collateral obligations, are effective without major drawbacks for the industry. However, recommendations regarding the adoption of ITD VM pass-throughs and the utilization of non-cash collateral are more complicated. In addition, we expressed reservations about the proposal for the provision of very granular information regarding the VM calculations and compositions which can be infeasible or overly burdensome for CCPs to provide.

To read the full response
[please click here](#)

CCP Global published PQD Newsflash and Quarterly Trends Report for Q4 2023 and Q1 2024

In March and June of 2024, CCP Global published its twenty fourth and twenty fifth PQD Newsflash and Quarterly Trends Reports, including PQD data for Q4 2023 and Q1 2024 respectively. The Newsflash provides an overview of the risk management provided by CCPs across the globe, complementing public statistics (e.g., BIS derivatives statistics) by providing a summary of key indicators, offering market participants an overview of the CCP ecosystem.

Alongside the Newsflash, the CCP Global PQD Quarterly Trends continues CCP Global's ongoing ambitions to provide clear and coherent quarterly PQD statistics with data provided directly from the CCPs

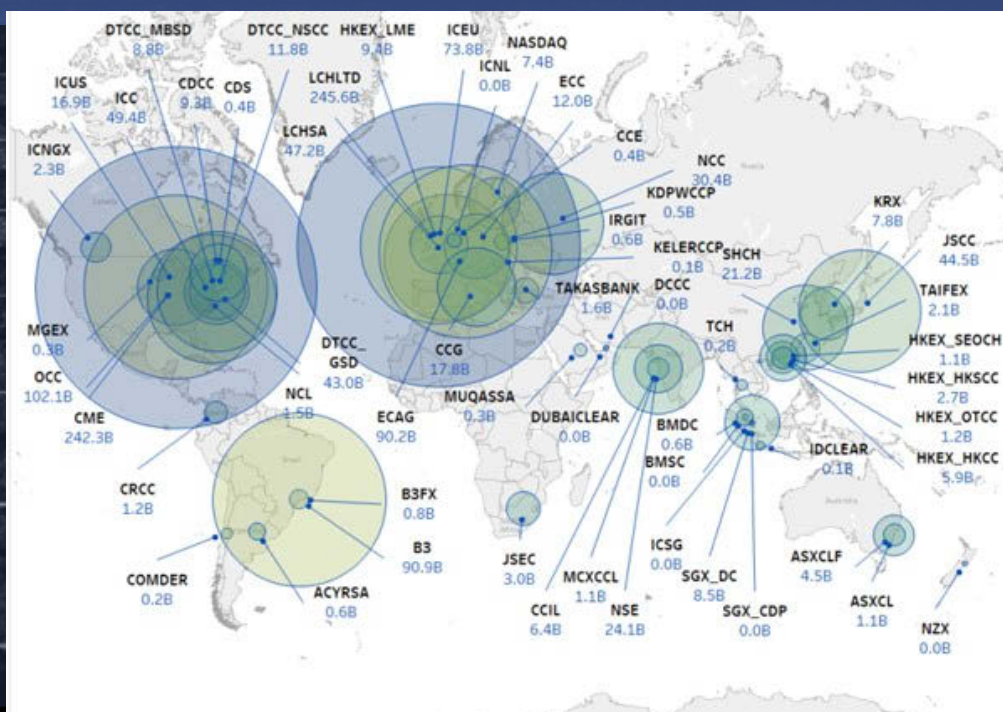
In the last collation 60 CCPs included: 17 CCPs from the Americas, 24 CCPs from APAC, and 19 CCPs from EMEA. For Q1 2024, the CCPs included in the collation required over USD 1,254 billion of initial margin. Two additional CCP Global Member (TPEX and TWSE) began publishing PQDs and were included in the collation for 2023 Q4. Cboe Clear Europe was accepted as a Primary Member at the CCPG AGM in Athens on 30 May 2024, resulting in their PQDs being incorporated retrospectively for all quarters within the CCPG PQD QTR and Newsflash.

The data was compiled according to the standardized CCP Global PQD Template, the enhancements of which were implemented by CCP Global in February of this year, carrying information stipulated in global regulatory guidance. The QATL template was a result of ongoing discussions with market participants and includes direct hyperlinks to disclosures such as those covering non-default losses, the CCP's default waterfall/end of waterfall actions, clearing member approval and oversight, the CCP's Public Quantitative and Qualitative disclosures (the PFMI's), margin add-ons and antiprocyclicality measures, as applicable.

For more details about individual CCPs [please click here](#)

For latest Newsflash [please click here](#)

The latest CCP Global PQD Quarterly Trends report [please click here](#)



Office Updates

Staff Changes at CCP Global

From March to June, CCP Global welcomed a new intern to our Shanghai office, Tiffany (Xu) Xinru. Amongst other tasks, Tiffany helped the office with proposals for new document templates and design of CCP Global merchandising for our AGM.

In August, we will also welcome our very first international secondee in Amsterdam, Cheongjae "Jay" Lee from KRX. We are delighted to have Jay Lee on board, and are appreciative to both him and KRX for their collaboration with us to make this possible.



New Office location for CCP Global Amsterdam

After a year and a half at our Amsterdam office location in Sarphati Plaza, CCP Global has moved to a new location at Keizersgracht 555 in July. The office is in a central location within the heart of old Amsterdam. Readers are welcome in our new Amsterdam home, and we look forward to hosting further events here.



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CCP Global is the global association for CCPs, representing 42 members who operate more than 60 individual CCPs globally across the Americas, EMEA and the Asia-Pacific region.

CCP Global promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents.

