

November 21, 2021

## VIA ELECTRONIC SUBMISSION

**The National People's Congress of the People's Republic of China  
Legislative Affairs Commission  
No.1 Qianmen West Street  
Xicheng District, Beijing 100805  
The People's Republic of China**

### Re: The China Futures Law public consultation

The Global Association of Central Counterparties (“CCP12”) appreciates the opportunity to comment on the China Futures Law public consultation<sup>1</sup>.

CCP12 is the global association for CCPs, representing 41 members who operate more than 60 individual central counterparties (“CCPs”) globally across the Americas, EMEA and the Asia-Pacific region.

Some CCP12 members will be directly impacted by the China Futures Law, whereas others might be in the future and are keen to contribute to the consultation with the overall aim to ensure regulatory deference across jurisdictions with respect to the provision of central clearing services. We highly appreciate the fact that there is the consultation process on the important matters included in the document.

As a general remark, CCP12 members are supportive of the approach of clear legislation that promotes and enables safe but efficient derivatives markets and notes that centrally cleared markets are the prime example of organised and structured risk transfer markets. Along these lines, we would like to emphasize the importance of regulatory deference for comparable regulatory and supervisory frameworks. It is a common practice in the centrally cleared derivatives space for jurisdictions to apply approaches of regulatory deference to other jurisdictions. CCP12 has highlighted the benefits of such approaches in previous consultations, notably those from the European Commission<sup>2</sup>, European Securities and Markets Authority<sup>3</sup> and the Commodity Futures Trading Commission<sup>4</sup>. For example, approaches of regulatory deference have been adopted with respect to CCPs, given the highly regulated nature of CCPs in the jurisdictions for which they are domiciled (as well as the supervision by their primary regulators) and the adoption of the *Principles for Financial Market Infrastructures*<sup>5</sup> that set standards for CCPs’ risk management practices. Consistent with the G20’s commitments, such approaches rightfully allow local policy-makers to adopt legal and regulatory requirements that are appropriate for the markets they oversee, while embracing approaches of international comity.<sup>6</sup>

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<sup>1</sup> NPC, Public Consultation, China Futures Law, available at [Link](#)

<sup>2</sup> CCP12, Response, CCP12 response to the Commission Delegated Regulation (EU) on Derivatives trading – determining the systemic risk of non-EU clearing houses (tiering criteria) (Jul. 2020), available at [Link](#)

<sup>3</sup> CCP12, Response, CCP12 responds to ESMA Consultations (Jul. 2019), available at [Link](#)

<sup>4</sup> CCP12, Response, Exemption from Derivatives Clearing Organization Registration (RIN 3038-AE65) (Nov. 2019), available at [Link](#); CCP12, Response, Registration with Alternative Compliance for Non-U.S. Derivatives Clearing Organizations (RIN 3038-AE87) (Nov. 2019), available at [Link](#)

<sup>5</sup> BIS, Principles for Financial Market Infrastructures (Apr. 2012), available at [Link](#)

<sup>6</sup> FSB, Leaders’ statement, The Pittsburgh Summit (Sep. 2019), available at [Link](#)

Considering the increasing interconnectedness of global financial markets, regulatory deference in derivatives markets for comparable regulatory and supervisory frameworks helps protect and advance market participants' access to markets on a cross-border basis, while supporting financial stability. It improves market efficiency and promotes openness and cooperation among the global financial markets, which avoids market fragmentation.

## About CCP12

CCP12 is the global association for CCPs, representing 41 members who operate more than 60 individual central counterparties (CCPs) globally across the Americas, EMEA and the Asia-Pacific region.

CCP12 promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP12 leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions and position papers.

For more information, please contact the office by e-mail at [office@ccp12.org](mailto:office@ccp12.org) or through our website by visiting [www.ccp12.org](http://www.ccp12.org).

## CCP12 Members

