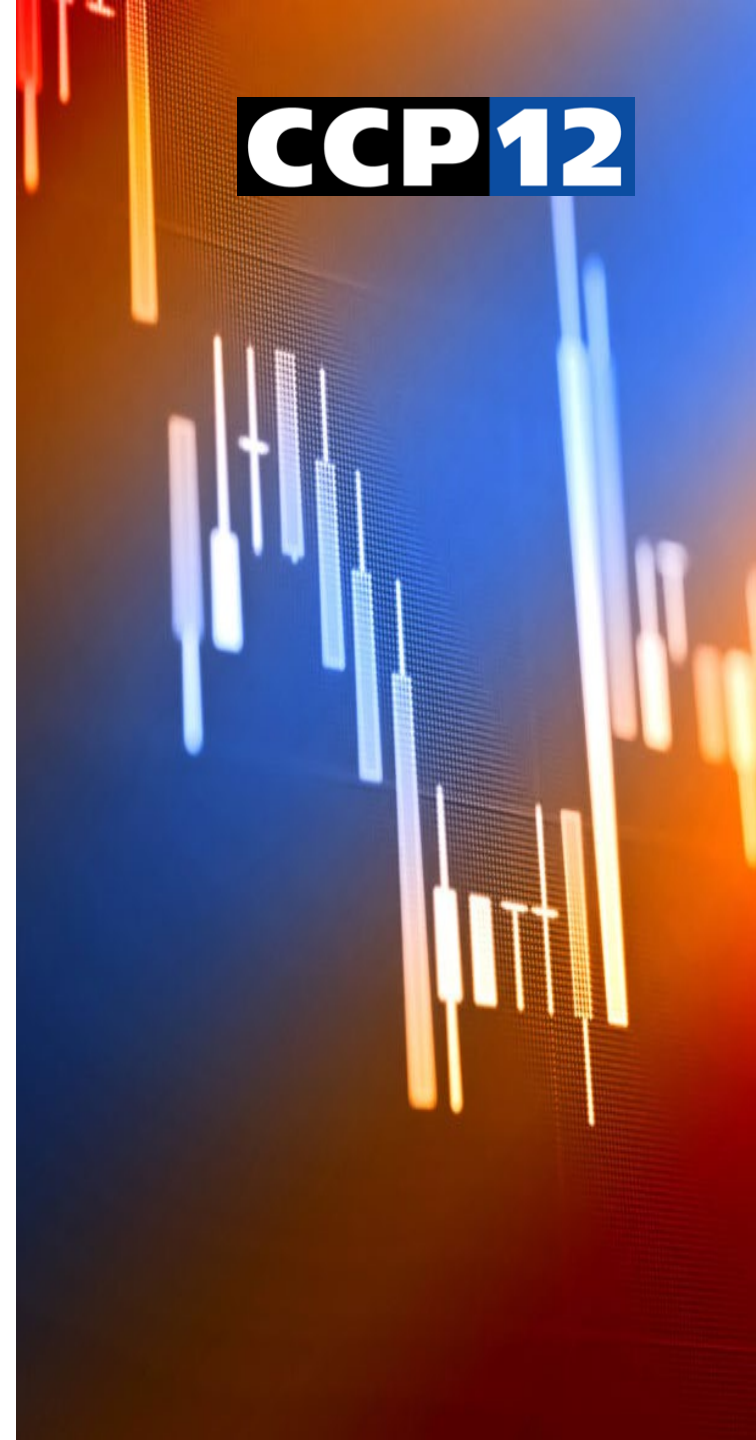


Public Quantitative Disclosure

# CCP12 Newsflash

## 2020 Q2 Data

October 2020



# The CCP12 Newsflash



- The CCP12 Public Quantitative Disclosure Newsflash provides an overview of the risk management provided by CCPs around the globe. It complements existing public statistics, such as the BIS derivatives statistics, by providing a summary of key indicators which provides market participants an overview of the CCP ecosystem.
- The data is aggregated directly from the source – the CCPs themselves – according to a standardized template carrying information stipulated in global regulatory guidance. Further details for individual CCPs can be found in links provided on the CCP12 website (<https://ccp12.org/pqd/>).
- This CCP12 Newsflash helps to inform participants, authorities, and the general public of key features, the scale and nature of financial market infrastructure risk management.
- This publication underlines the scope and scale of risk mitigation provided by central clearing:
  - CCPs exposure to credit risk is collateralized through high-quality and liquid collateral
  - CCPs risk-manage their clearing exposure by collecting *mark-to-market* losses through regular variation margin (or similar) payments

## In this collation for 2020 Q2:

### 42\* CCPs (representing 27 CCP12 members) are included:

- Americas 13
- APAC 16
- EMEA 13

**Initial Margin (Required):**

**USD 1035 Billion**

**Default Fund Resources (Required):**

**USD 120 Billion**

**Global CCP Overcollateralization<sup>†</sup> :**

**USD 394 Billion**

For any questions, please get in touch: [question.pqd@ccp12global.com](mailto:question.pqd@ccp12global.com)

\*DCCC 2020 Q1 figures have been used for analysis since 2020 Q2 PQD not released as of: 2020-10-08.

<sup>†</sup>Calculated as (Total IM and DF Held) minus (Total IM and DF Required) (PostHaircut)

# Highlights of Public Quantitative Disclosures



2020 Q2

## Total Global Margin\* (USD B)

### Required

Total Global Initial Margin (IM) Required (6.1.1)	1,035
Total Global Default Fund (DF) Required (4.1.4)	120
<b>Total Global CCP Collateral Required (6.1.1 + 4.1.4)</b>	<b>1,155</b>

### Held

Total Global IM Held (6.2.15)	1,406
Total Global DF Held (4.3.15)	143
<b>Total Global CCP Collateral Held (6.2.15 + 4.3.15)</b>	<b>1,549</b>

### Variation Margin (VM)

Total Global Average Daily VM Paid to the CCP by participants each business day (6.6.1)	34
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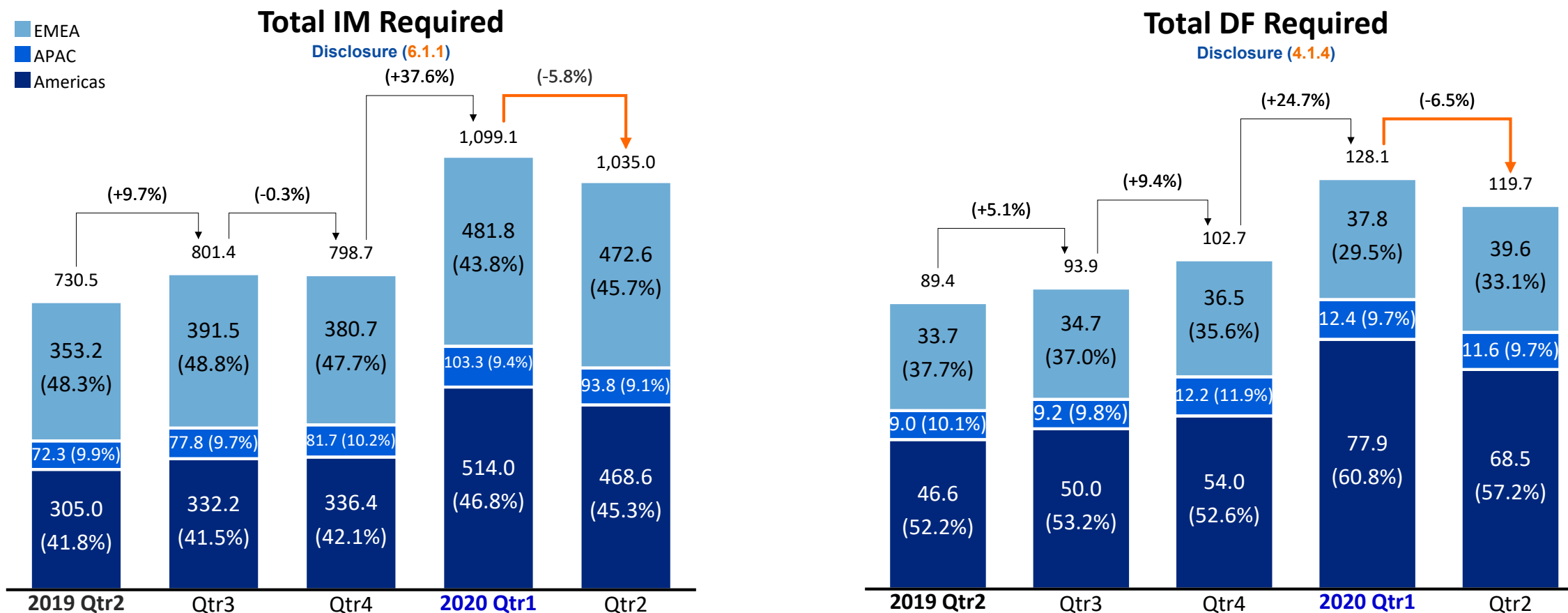
## Total Global CCP Collateral (Held) in form of\*:

	Disclosure	Initial Margin	Disclosure	Default Fund
<b>Cash</b>				
<i>At Central Bank</i>	<b>(6.2.1 + 6.2.2)</b>	15.6%	<b>(4.3.1 + 4.3.2)</b>	37.5%
<i>Secured Cash (incl. Reverse Repos) at Commercial Banks</i>	<b>6.2.3</b>	8.6%	<b>4.3.3</b>	11.7%
<i>Unsecured Cash at Commercial Banks</i>	<b>6.2.4</b>	4.4%	<b>4.3.4</b>	8.0%
<b>Non-Cash</b>				
<i>Sovereign Gov Bonds - Domestic</i>	<b>6.2.5</b>	27.6%	<b>4.3.5</b>	33.6%
<i>Sovereign Gov Bonds – Foreign</i>	<b>6.2.6</b>	18.4%	<b>4.3.6</b>	4.2%
<i>Agency Bonds</i>	<b>6.2.7</b>	1.2%	<b>4.3.7</b>	3.4%
<i>State/Municipal Bonds</i>	<b>6.2.8</b>	0.6%	<b>4.3.8</b>	0.2%
<i>Corporate Bonds</i>	<b>6.2.9</b>	6.3%	<b>4.3.9</b>	0.8%
<i>Equities</i>	<b>6.2.10</b>	3.5%	<b>4.3.10</b>	0.1%
<i>Commodities – Gold</i>	<b>6.2.11</b>	0.2%	<b>4.3.11</b>	0.0%
<i>Commodities – Other</i>	<b>6.2.12</b>	0.0%	<b>4.3.12</b>	0.0%
<i>Mutual Funds/UCITs</i>	<b>6.2.13</b>	0.6%	<b>4.3.13</b>	0.0%
<i>Other</i>	<b>6.2.14</b>	2.5%	<b>4.3.14</b>	0.5%

\*Sum of IM Held across 6.2.1 – 6.2.14 is slightly lower than the Total IM Held Values for 6.2.15, due to DTCC requesting that 6.2.15 figures be equivalent to 4.3.15 figures. OCC 6.2.1 – 6.2.14 House, Client and Total PreHaircut figures are considered "PostHaircut" values for the purpose of analysis. Data has been normalized to USD equivalent, based on foreign exchange rates at the quarter-end for each PQD quarterly release.

# For 2020 Q2, a lower level of required collateral across global CCPs was **CCP12** observed as markets stabilise and volatility reduces after CC\*

Global CCP Collateral (Required) - **Grand Total PostHaircut**  
2019 Q2 to 2020 Q2 (USD B and %)



\*CC: COVID-19 Crisis

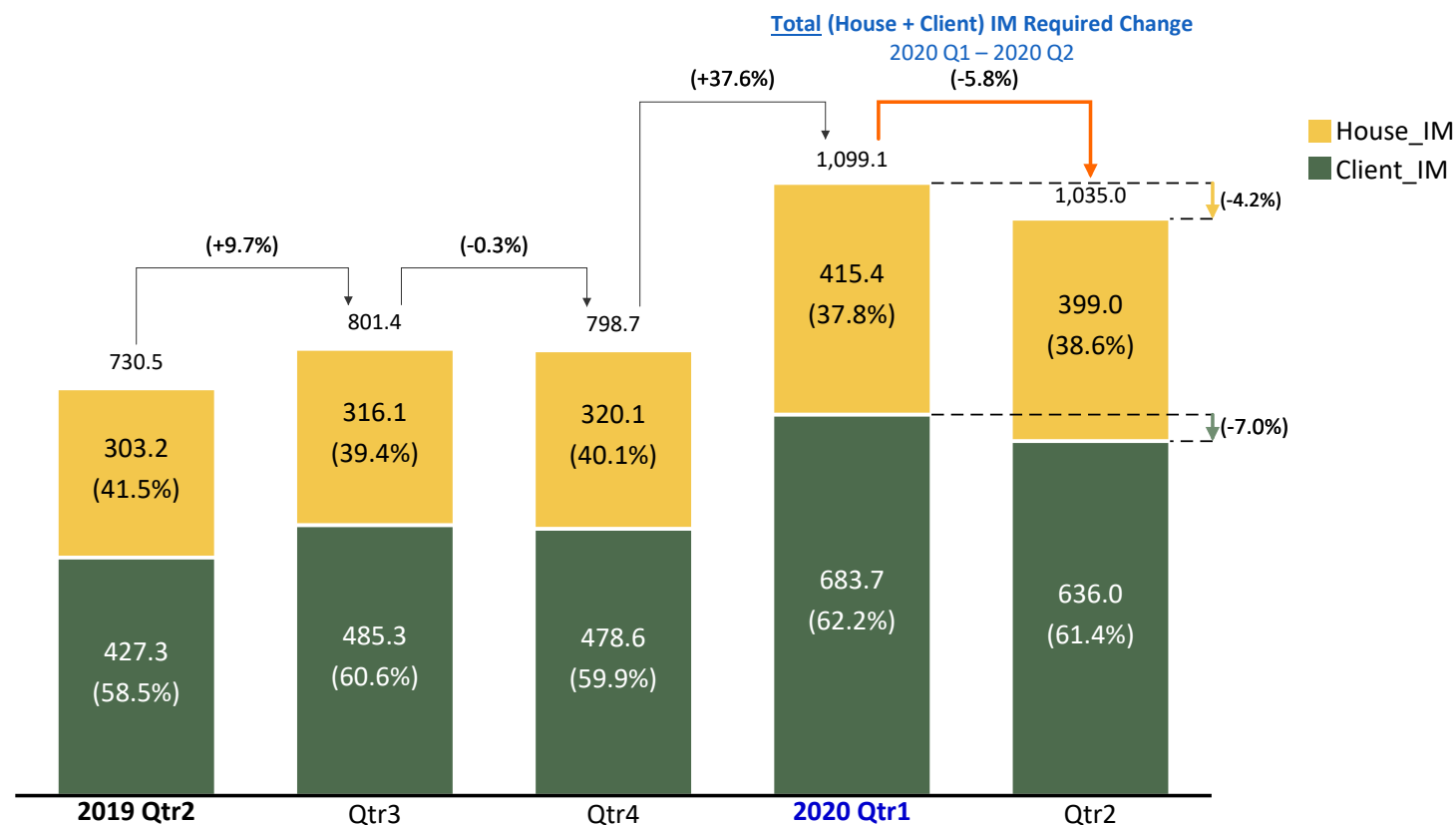
# House and Client IM required decreases for 2020 Q2.

## House and Client IM reduces by 4.2% and 7.0%, respectively

Global Asset Class breakdown (Required): House IM vs. Client IM

Disclosure (6.1.1):

2019 Q2 to 2020 Q2 (USD B and %)



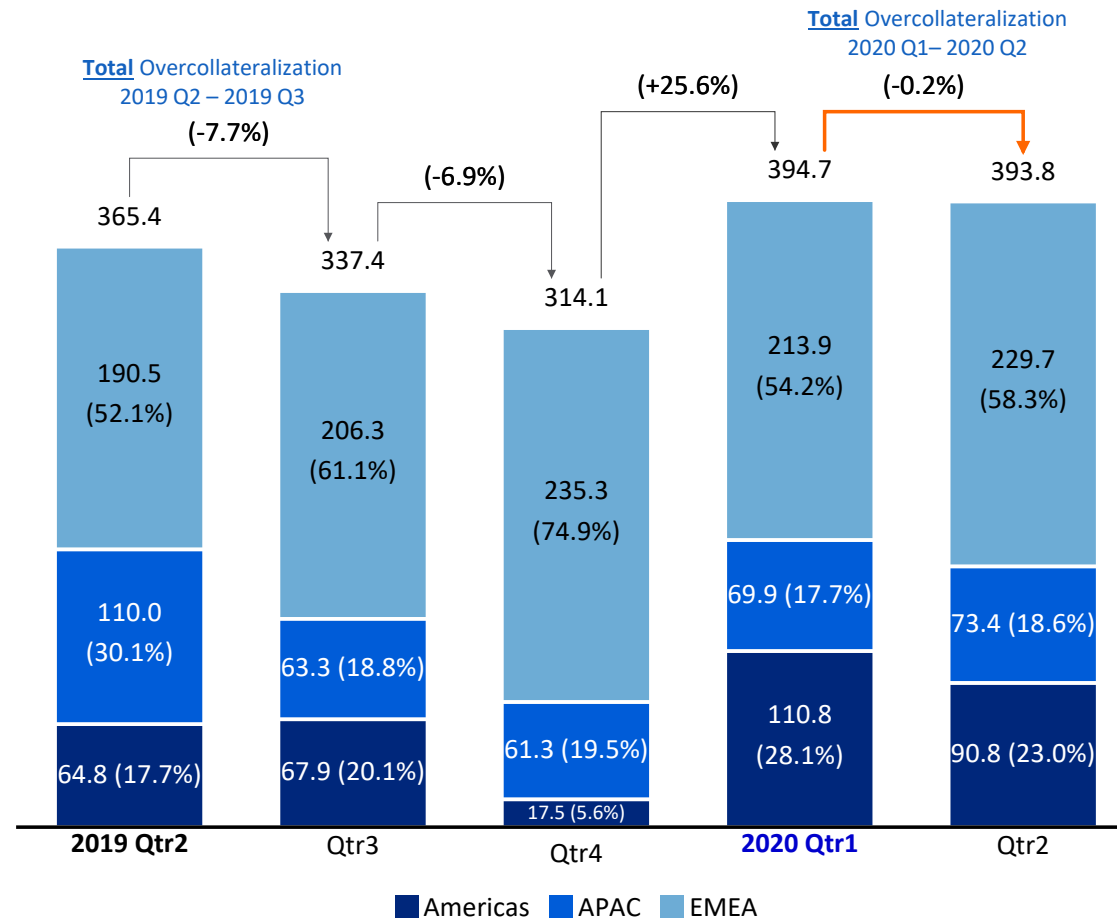
\*Sum of IM Required is slightly lower than the Total IM Required on slide 4, due to no breakdown of House/Client IM Required for DTCC, HKEX HKSCC, HKEX OTCC and NSE. As a result, these are assumed House\_IM.

# Total Global Overcollateralization is USD 393.8 B for 2020 Q2, similar to 2020 Q1 figures



Global CCP Overcollateralization (IM and DF Held – IM and DF Required) PostHaircut  
 2019 Q2 to 2020 Q2 (USD B and %)

- EMEA
- APAC
- Americas

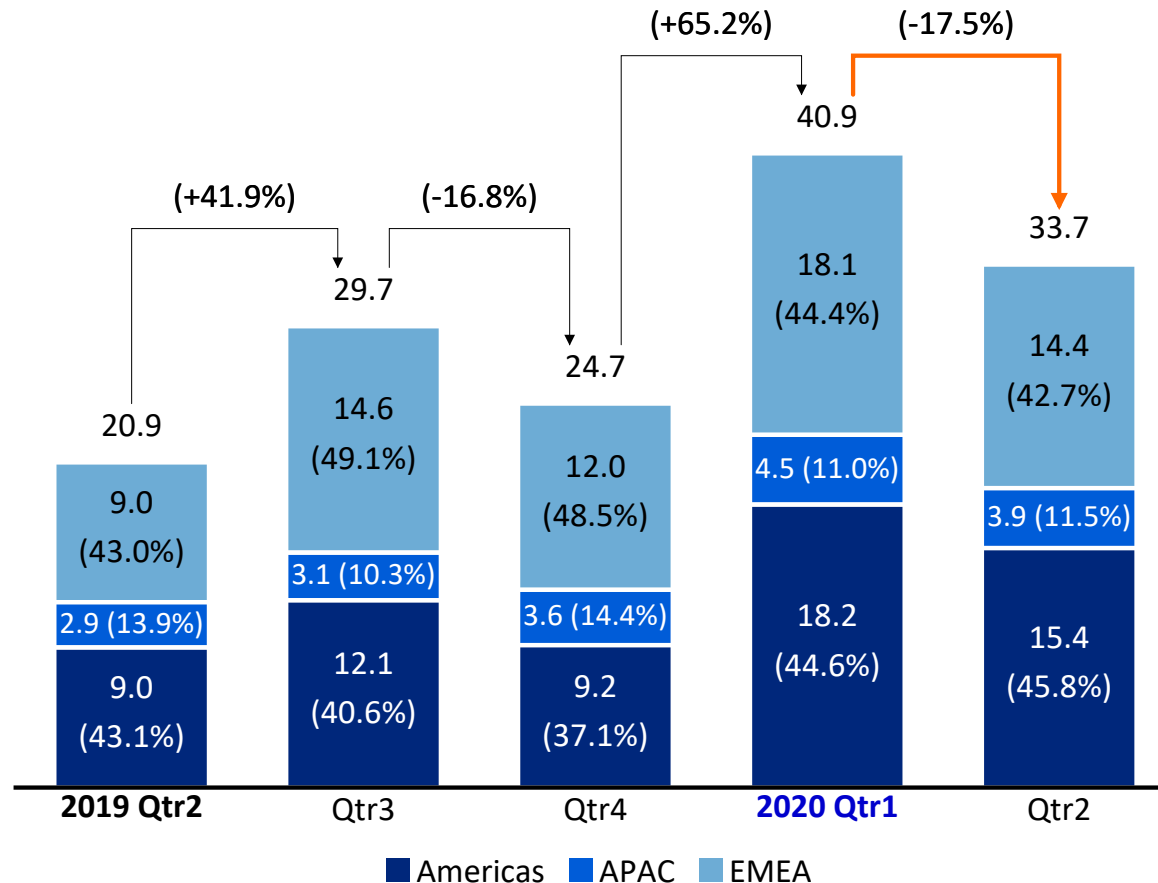


# Average Total VM Paid to the CCP by participants each business day decreases 17.5% in 2020 Q2. Proportion of VM paid per region remains constant

Total Global VM Paid to the CCP by participants each business day

Disclosure (6.6.1)

2019 Q2 to 2020 Q2 (USD B)



# Distribution of IM held is the largest for EMEA, followed by Americas and APAC. IM held reduces by 3.6% for 2020 Q2, where as the DF held reduces by 14.2%

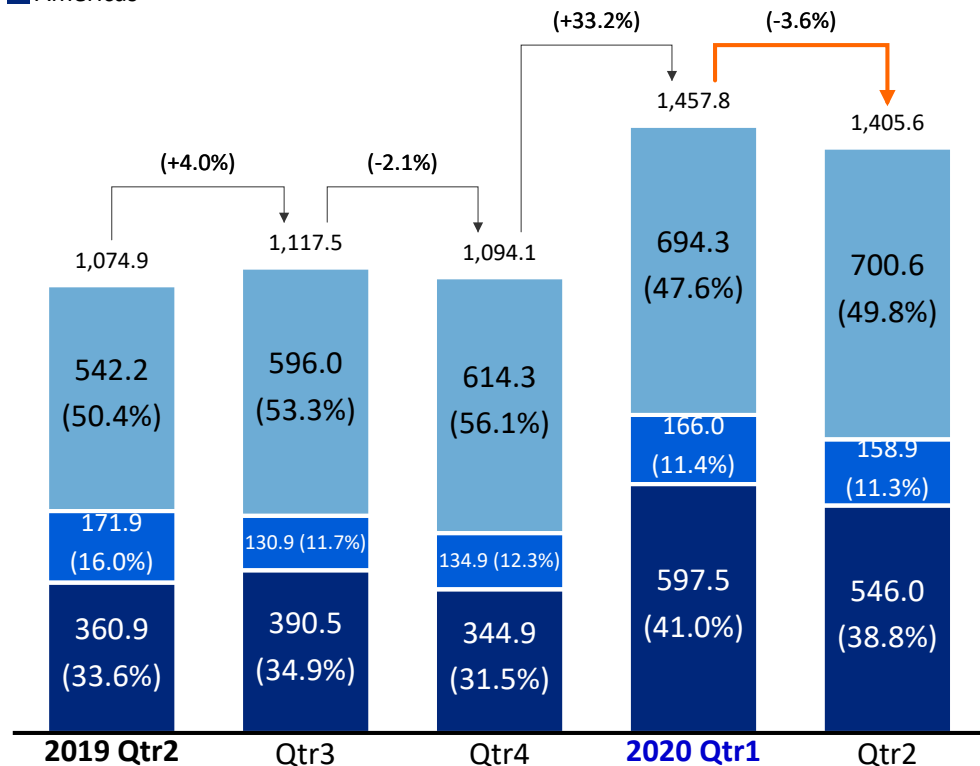


Global CCP Collateral (Held) - Grand Total PostHaircut\*  
2019 Q2 to 2020 Q2 (USD B and %)

- EMEA
- APAC
- Americas

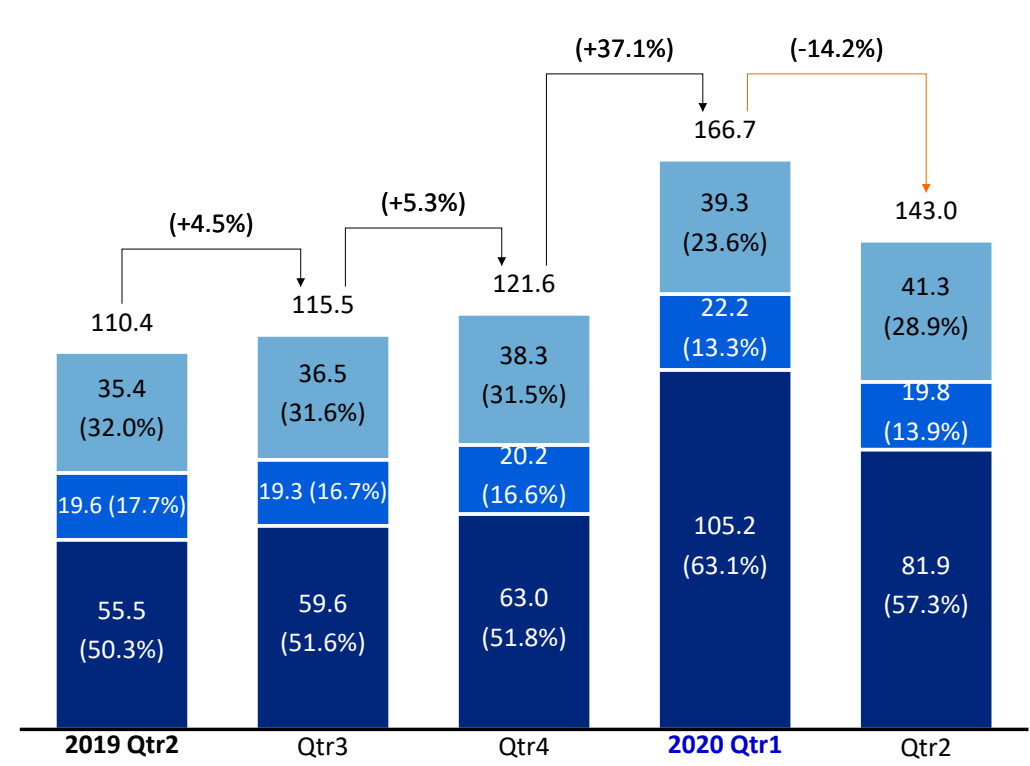
## Total IM Held

Disclosure (6.2.15)



## Total DF Held

Disclosure (4.3.15)



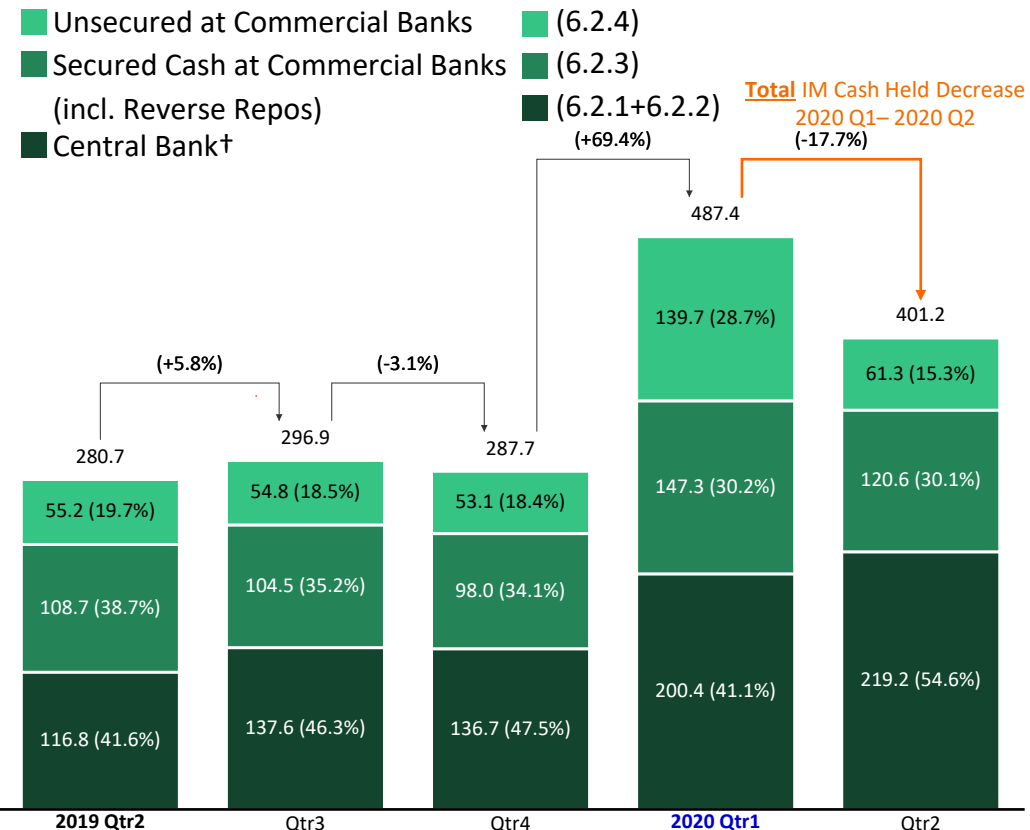


# Total Cash held in 2020 Q2 after the CC turbulence decreases 17.7% and 18.5% for IM and DF, respectively. Majority of all cash resources continue to be deposited at the Central Bank†

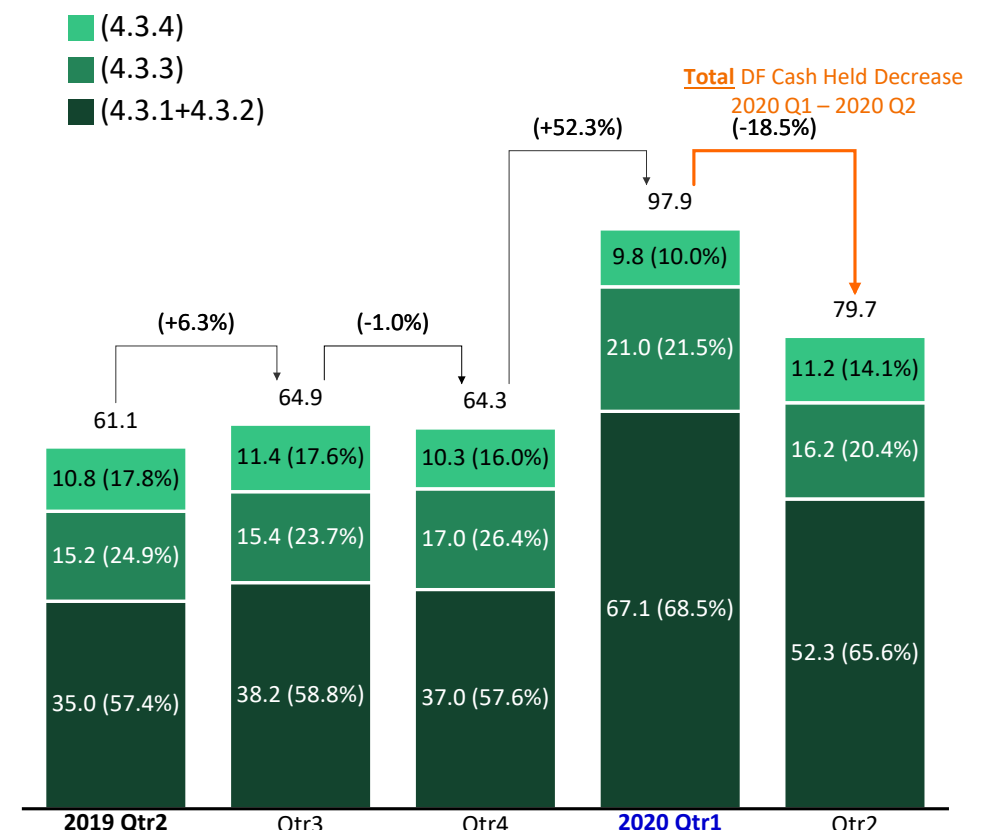


## Global CCP Collateral (Held) – Cash PostHaircut\* 2019 Q2 to 2020 Q2 (USD B and %)

### Total IM Held



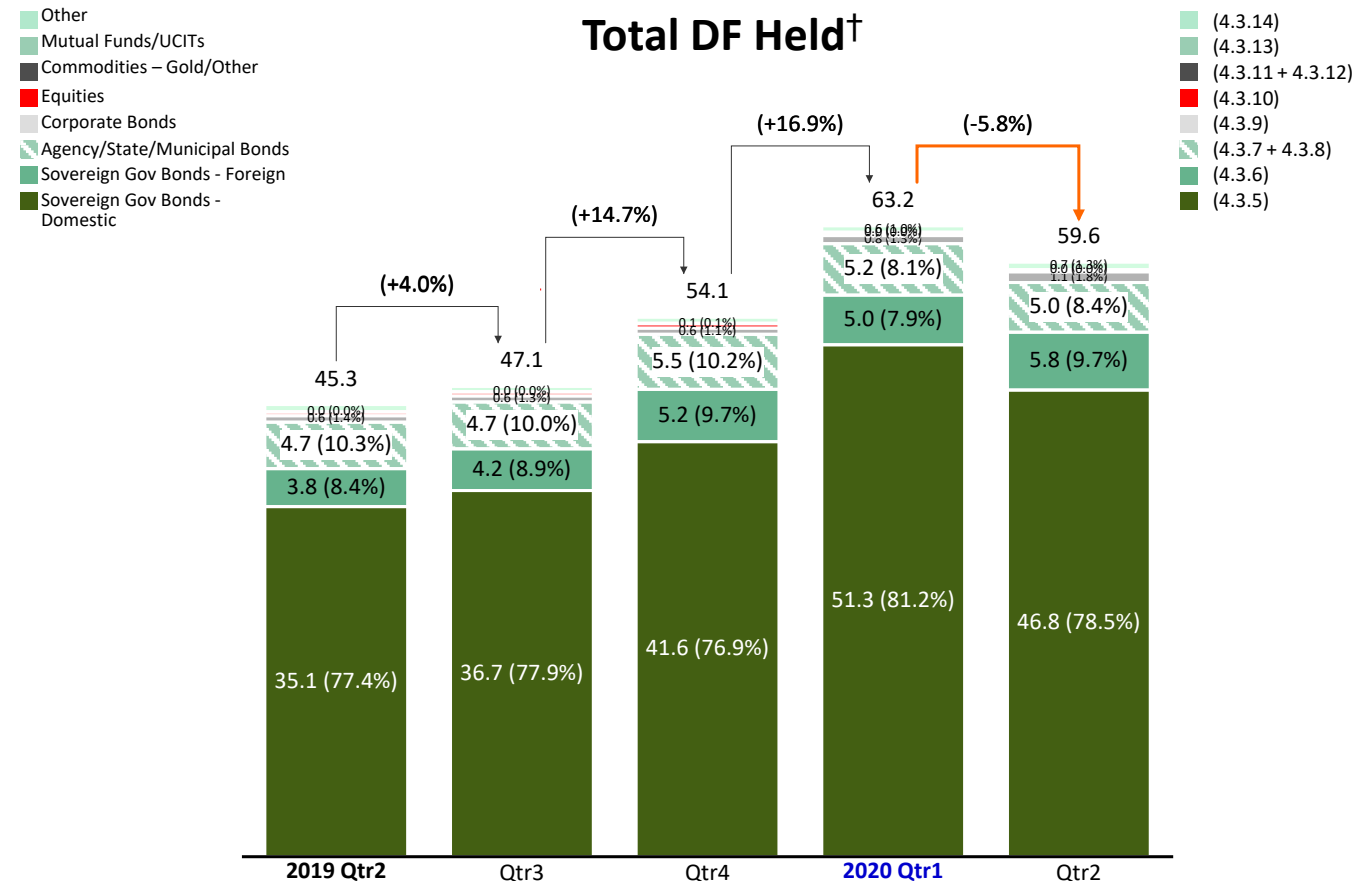
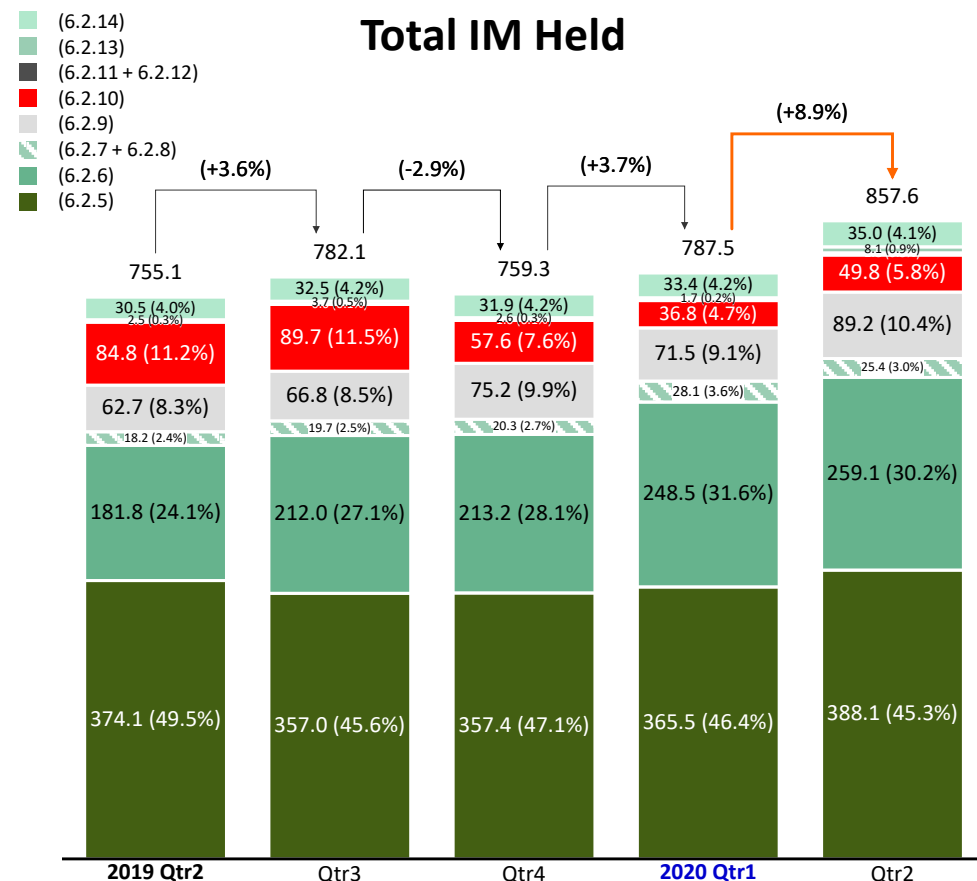
### Total DF Held



\*Figures as of quarter end. Sum of IM Held across 6.2.1 – 6.2.14 is slightly lower than the Total IM Held Values for 6.2.15, due to 1). DTCC have requested that 6.2.15 figures be equivalent to 4.3.15 figures, and 2). OCC 6.2.15 total > sum of 6.2.1 – 6.2.14. TCH provide the full breakdown of 6.2.15 split across 6.2.1 - 6.2.14 as of 2020 Q2.  
†Cash deposited at "Other Central Bank of Issue" (IM: 6.2.2, DF: 4.3.2) makes up <1.9% of the total cash collateral for IM and negligible for the DF. Therefore, "Central Bank of Issue" and "Other Central Bank" Cash deposits grouped together within charts.  
CC: COVID-19 Crisis

# During 2020 Q2, global Non-Cash held IM increases **8.9%** driven by an increase in **Sovereign Gov Bonds**. Non-Cash held DF decreases **5.8%** driven primarily by the decrease across **Sovereign Gov Bonds (Domestic)**

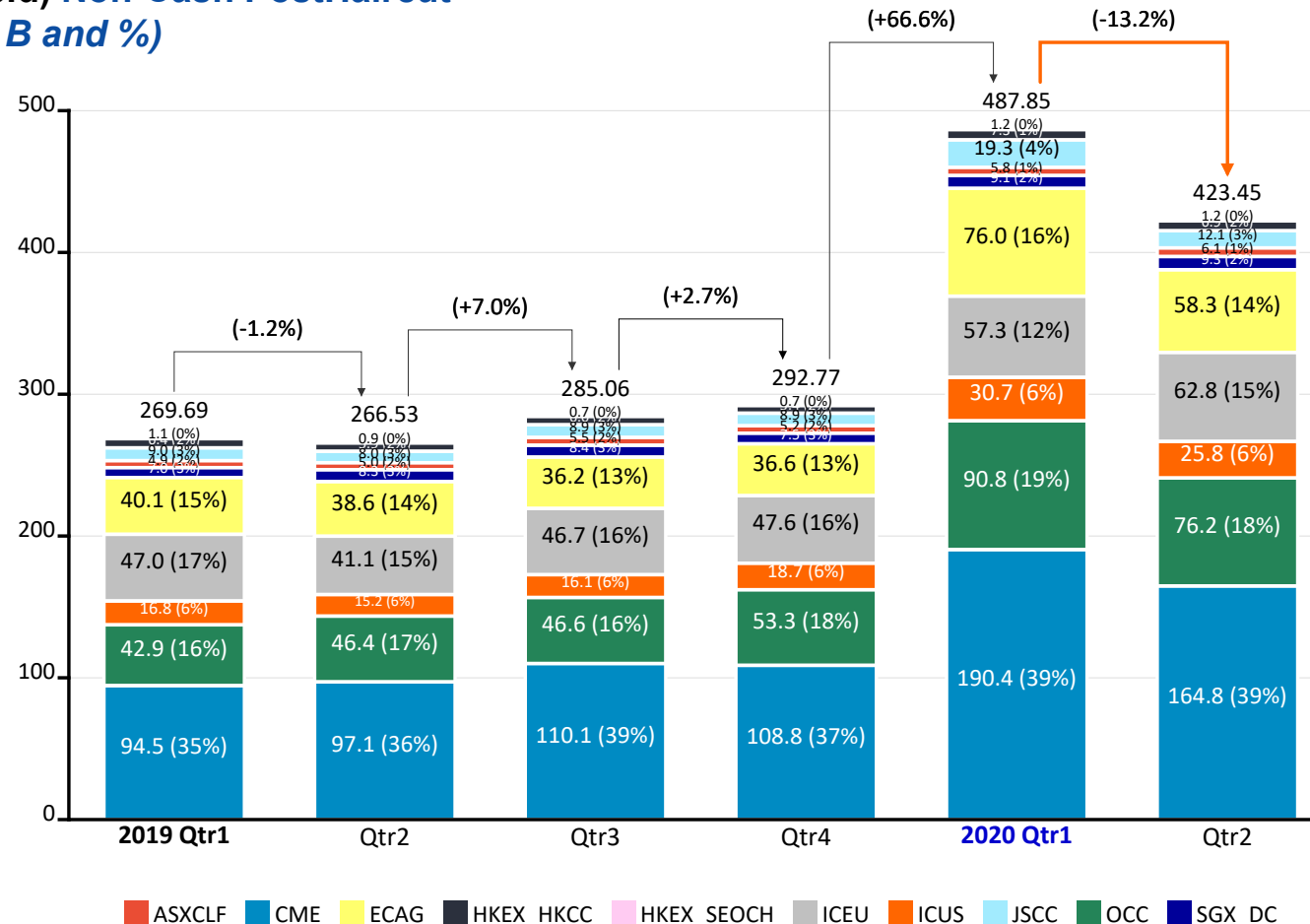
## Global CCP Collateral (Held) Non-Cash PostHaircut\* 2019 Q2 to 2020 Q2 (USD B and %)



\*Figures as of quarter end. Sum of IM Held across 6.2.1 – 6.2.14 is slightly lower than the Total IM Held Values for 6.2.15, due to 1). DTCC have requested that 6.2.15 figures be equivalent to 4.3.15 figures, and 2). OCC 6.2.15 total > sum of 6.2.1 – 6.2.14. TCH provide the full breakdown of 6.2.15 split across 6.2.1 - 6.2.14 as of 2020 Q2.  
†Disclosures 4.3.8 – 4.3.14 constitute on average <2% of total non-cash collateral per quarter from 2020 Q1 – 2020 Q2.

# During 2020 Q2, IM required for Exchange-Traded Derivatives (ETDs) across the following 10 CCPs decreased by **13.2%** as market volatility reduces globally

Global CCP Collateral (Held) **Non-Cash PostHaircut\***  
 2019 Q1 to 2020 Q2 (USD B and %)



# CCPs reported higher availability to core clearing systems over the previous 12-month period\*



## Availability, Failures and Recovery Time Objectives

### 2020 Q2

- CCPs report the **quantity** and **duration** of operational failures affecting their **core clearing systems over the previous 12-months** on a quarterly basis:
  - **Core Systems:** Within clearing, systems enable the acceptance and novation of trades, and provide the calculation of margin and settlement obligations;
  - **Loss of Availability:** An incident that results in an interruption to the CCP's ability to perform its own functions in relation to trade acceptance and novation, or calculation of margin and settlement obligations. An incident that compromises the CCP's ability to correctly perform the aforementioned functions is also considered a 'loss of availability', even if there is no actual outage. Failure to a back-up site without interruption to services would not count as a loss of availability.

### Disclosure (17.2):

- The average actual core clearing system availability over the previous twelve month period (July 1, 2019 through June 30, 2020) across all 42 CCPs was: **99.98%**

### Disclosure (17.4):

- 37 out of 42 CCPs observe the standard target recovery time of: **2 hours**.
- 2 out of 42 CCPs observe a **1 hour** target recovery time, and;
- 3 out of 42 CCPs observe a **4 hour** target recovery time<sup>†</sup>

\*For 2020 Q1, the average availability of core clearing systems over the period (April 1, 2019 through to March 31, 2020) across all CCPs was 99.97%.

<sup>†</sup>Based on their respective regulatory requirements

# CCP12 Members

# CCP12



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