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VIA ELECTRONIC SUBMISSION

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Re: BCBS-CPMI-IOSCO Consultative report on *Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals*

The Global Association of Central Counterparties (“CCP Global”)¹ is the international association for central counterparties (“CCPs”), representing 42 members who operate over 60 individual CCPs across the Americas, EMEA, and the Asia-Pacific region. CCP Global appreciates the opportunity to respond to the **Consultative report on *Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals***² (“the Consultation”) proposed by the BCBS-CPMI-IOSCO.

Introductory remarks

CCP Global appreciates the work authorities have done regarding the liquidity preparedness of market participants following the market turmoil of March 2020 and the elevated volatility in commodities markets in 2022. However, it is important to underscore that variation margin (“VM”) payments far outpaced the initial margin (“IM”) changes during the March 2020 market turmoil as noted in the BCBS-CPMI-IOSCO final report on *Review of Margining Practices* (the “Phase 1 Report”)³. CCPs successfully supported the stability of the markets they cleared and in turn the broader financial system. The Consultation’s policy proposals primarily seek to enhance the transparency of IM in centrally cleared markets. In particular, the proposals seek to facilitate broader transparency into a CCP’s margin model responsiveness and the offering of margin simulation tools, while also promoting transparency between clearing members (“CMs”) and clients and CMs and CCPs. However, these do not directly address the main driver for liquidity demands, which was largely VM. In addition, there was a lack of evidence that there was a liquidity shortage in the centrally cleared markets⁴. CCP Global believes it is important to recognize the level of transparency already provided by CCPs today and as such, our comments that follow are directly informed by this.

CCP Global and its members are strong proponents of CCP transparency given its risk management benefits. As demonstrated by our members, CCPs have already provided significant transparency regarding their risk management practices. CMs and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs’ risk management procedures, in particular margining. CCPs have long provided a comprehensive array of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulation tools, public qualitative disclosures (i.e., CPMI-IOSCO’s *Principles for*

¹ Previously known as CCP12.

² BCBS-CPMI-IOSCO, Consultative report on *Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals* (January 2024), available at [Link](#).

³ BCBS-CPMI-IOSCO, *Review of margining practices* (September 2022), available at [Link](#), P. 11 and 13.

⁴ CCP Global (previously CCP12), *Response to the BCBS-CPMI-IOSCO Consultative Report on Review of Margining Practices* (January 2022), available at [Link](#), P.5.

Financial Market Infrastructures ("PFMI") Disclosure), and public quantitative disclosures ("PQDs") and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. While there is abundant information made available by CCPs to facilitate understanding of how CCPs' margin models work, there persists a general underutilization of these resources among market participants across various CCPs. Certain types of information, such as the PQD webinars, which were requested by market participants, have been provided regularly by some CCPs, yet the observed participation rates have generally been low. We caution against an overly prescriptive set of requirements for additional transparency from CCPs to CMs and clients, and encourage BCBS-CPMI-IOSCO to remain cognizant of the potential to exert undue pressure on CCPs without necessarily fostering proportionate benefits for market participants.

Along these lines, we urge BCBS-CPMI-IOSCO to consider CCPs' feedback provided in the CCP survey responses in the context of the proposals outlined in the Consultation, for example, regard the immense operational and financial burden that certain features of the proposed margin simulator would put on CCPs for the development and ongoing maintenance of such a tool, and weigh said costs against the limited potential benefits it could provide to market participants as it relates to liquidity preparedness, further detailed below.

Broadly, we are opposed to imposing additional and prescriptive transparency requirements on CCPs, especially where the associated costs outweigh the benefits. We also caution that any proposed additional disclosures should be accompanied by appropriate context and supporting information (both quantitative and qualitative) to ensure enhanced understanding and prevent misinterpretation of the information by the market participants, otherwise, it may not benefit market participants' liquidity preparedness. We advocate for further educating market participants on the transparency already provided by CCPs and how different forms of currently available information can be used today. CMs and clients can readily and should fully use the information available today to support their liquidity preparedness.

Furthermore, it is essential to recognize that non-centrally cleared markets lack a comparable level of standards for transparency. As noted in the Phase 1 Report, most authorities were unable or unwilling to provide sectoral non-centrally cleared VM data for non-bank financial intermediation clients, indicating a potential data gap. The data in the non-centrally cleared markets made it insufficient to draw conclusions regarding the margin dynamics. Incremental improvements in these areas would significantly enhance market preparedness and contribute to overall system stability.

Responses to specific questions in the Consultation:

General questions:

Q1. Collectively, if adopted, would the set of proposals likely result in increased transparency and a mitigation of destabilising changes in margin requirements in centrally cleared markets? Please identify within the set of proposals any which would be particularly beneficial and others which may be less beneficial (e.g. where the costs may substantially exceed the benefits). Please provide an explanation to your answer.

Please refer to CCP Global's introductory remarks above. In addition, the Consultation provides a good summary of CCPs' responses to the survey conducted by the workstream and mentions that CCPs highlighted the challenges in implementing certain measures as proposed, e.g., increasing the functionality of the current margin simulation tools. CCP Global would like to emphasize its view that the concerns were accurately presented in the CCP survey responses and urge the BCBS-CPMI-IOSCO to carefully consider them before proceeding with the recommendations.

CCP Global would like to provide comments on the below proposals:

Proposals 1-2 regarding margin simulation tools:

CCPs understand the value of making margin simulation tools available to CMs and clients. Consequently, CCPs have generally developed margin simulation tools, supporting actual and hypothetical portfolios (given a set of model inputs). However, as described below, we question the usefulness of further developing forward-looking margin simulators, particularly given the anticipated high operational and financial costs associated with both development and maintenance relative to the practical benefits such features would provide to market participants. Striking a balance between potential benefits and practical feasibility is imperative.

While CCPs have demonstrated their commitment to offering margin simulation tools, we oppose the proposal of expecting CCPs to provide forward-looking margin simulation tools with historical or hypothetical market conditions. The operational and financial costs of developing such tools are not commensurate with the risk management benefits. For example, supporting margin simulation tools for hypothetical market conditions is highly complex when considering the diversity of risks to which CMs' and clients' portfolios are exposed. Thus, this would require an endless number of permutations of hypothetical market conditions to be available for simulation in order to be of use to CMs and clients. Simulating the cross effects of various risk sensitivity factors of a portfolio poses significant challenges and would necessitate substantial disclaimers on the resultant outcomes. As one can see, this is operationally complex and would come at a high cost and ultimately, would yield an outcome that would provide little risk management benefit.

Moreover, we also want to highlight the additional computational challenges in developing such forward-looking simulators to ensure proper aging of the portfolio. This is especially the case for non-linear products that the aging of a trade can impact the risk profile in terms of time decay or even cross-sensitivities. CCPs will most likely need to perform a full revaluation of the calculations to ensure the proper aging of the portfolio. However, this can be computationally expensive and will be constrained by the technological design, such as the capacity of local computers or server-based calculators.

In particular, we are concerned about any potential requirement for CCPs to facilitate the simulation of daily IMs between any two reference dates defined by users, noting the significant maintenance cost and complexity that arise given the computational capacity required and the portfolio may include expired products or contracts which are not currently traded or cleared. This may present challenges from the valuation and margin calculation perspectives. We emphasize that a cost-benefit analysis should be done for any additional functionalities to be included.

Similarly, we also exercise caution against the requirement to mandate the provision of forward-looking margin simulation tools based on historical market scenarios. This will pose a significant challenge to CCPs, particularly when they are supported by their networks of CMs who in turn use third-party software vendor

solutions to implement the margin systems within their back-office systems and independent of the CCPs' risk systems. If CCPs are mandated to provide a more sophisticated implementation of margin simulation tools supporting historical market scenarios where users can specify date ranges, it will be an onerous undertaking not only for the CCPs but also for the ecosystem of key stakeholders, including CMs and third-party software vendors, that would be impacted by the cost of development and maintenance.

We are also cognizant of the utilization rate of margin simulation tools, as CCPs have observed varying levels of uptake, and think this should be considered. In light of the generally low uptake rates of the existing margin simulation tools provided by many CCPs, we are sceptical about the utilization rate of such forward-looking margin simulation tools if introduced to market participants, and even if used, how they could effectively contribute to predicting liquidity needs in unprecedented scenarios, considering they rely on inherently speculative projections of future events. We would also caution authorities that overreliance on margin simulation tools and overinterpretation of the results, particularly with respect to hypothetical market conditions, can be misleading and in fact dangerous, as simulation tools are not a guarantee of any future outcomes.

As the Consultation states, "[t]he 86% of CCPs providing simulators without forward-looking functionality noted the cost, or burden, of creating and maintaining these tools and a lack of demand by potential users as the primary reasons for not providing such functionality. More generally, CCPs highlighted development, implementation and maintenance costs as the key challenges to increasing the depth/functionality of their margin simulation tools."⁵ The authorities should not ignore the feedback from CCPs in the survey for the challenges in regard to maintaining margin simulation tools. Additionally, the costs of building simulators versus the benefits derived from them should be considered by each CCP. Smaller CCPs may not have the required resources to build the margin simulation tools with the required functionalities and a low number of participants are expected to use them. CCPs should be able to, based on cost-benefit analysis, decide whether to build or enhance simulators, which may include consideration of charging for value-added services (i.e., additional functionality over and above that provided in the "base" margin simulation tool).

Additionally, building certain add-ons into the margin simulation tools can also prove challenging, particularly when these add-ons are not related to the general market and are specifically related to the market participants (such as credit assessment), or are not an inherent component of the margin model (further explained in Q5d). As the Consultation recognizes, margin requirements can be dependent on the specific CM's portfolio and as such, cannot easily be captured in a margin simulation tool. Certain add-ons are also less relevant if they are not the main drivers of the liquidity risk. CCP Global would recommend focusing on the main drivers of liquidity risk by market participants.

Finally, while we acknowledge the potential value for clients in understanding the variance between margin requirements from CCPs and CMs, there is an inherent limitation of the usefulness of CCPs' margin simulation tools with respect to clients, as their experiences are also informed by their CMs. In particular, clients should be mindful that the simulators offered by CCPs do not (and cannot) reflect what they may eventually be charged by their CMs, as a clients' margin requirements are ultimately set by the CMs and clients may be subject to client-specific credit add-ons (resulted from credit assessment) and concentration risk add-ons set by the CMs. Similarly, a margin simulation tool of a single CCP may not be particularly useful or beneficial where clients clear their exposures at multiple CCPs, since the clients may have one margin requirement across their exposures, and more broadly, such requirement may also be for both IM and VM. Some CMs and third-party service providers have already provided cross-CCP margin simulators

⁵ Ibid, P.14.

for margin simulation. With that said, we appreciate authorities' recognition in their proposal that CMs should also provide clients with margin simulators or other disclosures of margin requirements under different scenarios.

Proposal 3 regarding margin model documentation:

While acknowledging the importance of transparency, we note that CCPs already provide margin model documentation (e.g., white papers) to CMs and, where appropriate, to clients, subject to any necessary confidentiality agreements (e.g., non-disclosure agreements). Additionally, the current public qualitative PFMI disclosures include descriptions of margin models and the related process and governance around changing model parameters, and the current PQDs include disclosures of key margin model parameters (e.g., margin period of risk and confidence interval). We are appreciative of the proposal's focus on key parameters, as we are mindful of the challenges associated with the expectation that CCPs disclose the calibration of every single parameter. Such an expectation is excessive, potentially resulting in a lengthy list of data rows (for CCPs clearing large numbers of products or contract series) that are difficult to comprehend with limited utility and would likely distract focus away from those parameters that are most pertinent to a CCP's margin model. Striking a balance between transparency and practicality is essential.

In addition, Proposal 3 (b) calls for margin model documentation to include "the logic, applicable thresholds and data used for the calculation of margin add-ons". We believe that further clarification is needed regarding the term "data used", particularly if it refers to the actual data series, which is unnecessary from our perspective. The logic and applicable thresholds (which may not be static) for the calculation of margin add-ons should be already included in the margin model documentation provided to CMs and clients. It is worth noting that add-ons are not the main driver of the liquidity needs and where they are material for a given portfolio, there is commonly bilateral engagement between the CCPs and CMs. Also, it is important to note that, where necessary and appropriate, it is vital that a CCP can act in its sole discretion (based on the rulebooks and governance framework) in a rapidly shifting market to collateralize the credit risk exposures from the counterparties it faces, as any intermediary would, to maintain its key obligation of safeguarding broader market stability. This discretion should be applied with due care and consideration of the market situation and proportionate to the risk but not be fettered by disclosed thresholds.

Proposal 4 regarding public disclosure and description of the anti-procyclicality ("APC") tools:

Similarly, we would like to express concerns about the level of detail that CCPs are expected to make for the "high-level" disclosure. We believe providing the qualitative description, as is expected under the current public qualitative PFMI disclosures (i.e., Principle 6, Key Consideration 3) regarding the use of APC tool(s), provides market participants with sufficient transparency.

More specifically, the PFMI stipulate that CCPs should adopt IM models that "should to the extent practicable and prudent, limit the need for destabilizing, procyclical changes". Accordingly, any APC components adopted by the CCPs are built into the margin models and correspondingly described in the margin model documentation (e.g., white papers) in detail. As mentioned previously, the margin model documentation is already made available to CMs and clients and the technical level of details provided should be sufficient to facilitate the understanding of CMs and clients on the APC tool(s) adopted by the CCPs. We believe the current public qualitative PFMI disclosures already offer sufficient high-level information regarding the APC tools. Consequently, we do not believe CCPs should be required to make any additional separate disclosures regarding specific model components involved in the APC framework publicly.

Proposal 5 regarding additional breakdowns of margin-related data and more frequent disclosure of PQDs:

The PQDs are a comprehensive ex-post insight into CCP risk management practices that include various data elements, such as IM required and on-deposit, IM calls, VM paid, and backtesting results. It is not a daily risk management report, but a tool that provides a holistic view of CCP risk management practices over a period of time, which is, in part, why the quarterly disclosure frequency is appropriate. Our concern centres on the potential shift in the nature of the PQDs. We also want to highlight that the PQD publication is extremely difficult to accelerate further, considering the comprehensive set of data it includes and the operational efforts and governance reviews required from CCPs to provide for the PQD accuracy. Moving forward with Proposal 5 would result in onerous reporting overhead on CCPs, requiring additional resources and capacity from CCPs to fulfil such disclosures. We emphasize the importance of preserving the original intent and function of the PQDs as a quarterly disclosure mechanism, remaining as a tool for enhancing transparency on CCP risk management practices.

While CCP Global agrees with the Consultation that the PQDs provide important information and wants to highlight that PQDs already provide a more than sufficient amount of historical data, it fails to articulate clearly the rationale for enhanced reporting frequency and there appears to be a lack of clarity on how such increased reporting would directly benefit market participants. As described below, CCP Global is concerned that there is a risk of over-disclosure and that the enhanced reporting frequency will not further market participants' understanding of margin models or help provide insights into liquidity needs. Additionally, the proposed data fields are ex-post and do not provide portfolio-specific insights and therefore, are neither a substitute for the CMs' and clients' own risk management nor a forecast to benefit CMs' and clients' individual liquidity preparedness. The purpose of the PQDs is to provide insights into the risk management practices of the CCPs and understand their systemic importance. This is a very useful tool for many CMs and their credit departments. If CCPs are required to publish the PQDs daily in a manner that is close to real-time and the data is interpreted incorrectly, it runs the risk of destabilizing the market especially during periods of market stress. CCP Global has concerns regarding the potential overinterpretation of any disclosure that may exacerbate further stress to the markets. It is prudent and essential to have a time lag in the disclosure so the results can be assessed. For example, the current PQDs recognize the value in reporting maximum and average figures, which are informative in understanding how a CCP's risk management practices holistically perform. If such disclosure is made day-over-day, the figures can vary for any multitude of reasons, including position changes. We do not believe there is a direct value added by increasing the frequency of reporting via PQDs in enhancing market participants' understanding of margin models or aiding in their liquidity preparedness. Broadly, striking a balance between transparency and the relevance of disclosed information is essential to supporting market participants' ability to derive valuable insights without being overwhelmed by excessive disclosure.

While we oppose the proposed PQD amendments, we want to highlight the continuous efforts by the industry to enhance transparency and improve the PQDs, based on feasible requests from market participants and considering their actual use cases. CCP Global has closely collaborated with SIFMA and FIA and achieved multiple milestones beyond improving the PQD guidance (i.e., PQD FAQs Guide⁶) and enhancing clarity on the PQD explanatory notes for certain disclosure references. We would like to bring attention to a few notable examples of the milestones listed below.

⁶ CCP Global (previously "CCP12"), PQD FAQ Guide, May 2022, available at [Link](#) (accessed on 29 April 2024).

- CCP Global coordinated with many CCPs to start providing their PQD webinars in October 2020 on a voluntary basis which serves as a helpful interactive resource to provide market participants with a qualitative and quantitative view into the PQDs, including a variety of key metrics and quarterly trends over the previous quarter(s) or year(s). The PQD webinars provide a platform for market participants to enter into a Q&A session with the CCP for contextualized information.
- CCP Global implemented a new PQD standardized template in November 2020 to address the request from SIFMA and FIA to ensure the available data file formats (e.g., Excel or CSV) are machine-readable, establish a process to ensure all data fields are complete (no blanks) with the use of weblinks, and provide data in a single aggregated spreadsheet tab (i.e., "ConsolidatedDataFile"). Most CCPs have adopted the updated template to enhance the legibility of the data in a single comprehensive sheet, establish consistent labels to reference PQDs and number conventions, and address track changes requests from the market participants who often request information on what changed in the PQDs. CCP Global also implemented and released the PQD FAQs Guide to ensure standardized definitions and consistent application of the disclosures which has further improved the understanding and comparability of disclosures across CCPs.
- Following the market participants' request, CCP Global agreed with CCPs to reduce the time lag of PQD publication from 3 months to 2 months. This marked a significant milestone for PQDs, occurring 7 years after their initial introduction in 2015. However, it must be noted that this reduced time period for reporting posed challenges for CCPs from both internal resource and approval perspectives (e.g., multiple parties reviewing the PQDs and in some cases, regulatory approval being sought), in order to provide for the ongoing accuracy of the PQDs. The reduced time lag was implemented in May 2022 for the 2022 Q1 PQD release.
- To enhance market participants' access to the existing CCPs' disclosures, CCP Global introduced the CCP Global Quick Access Transparency Links ("QATL") 1-pager document. This document was officially released in its latest format from 17 CCPs in February 2024. The document provides a series of links to CCP rulebooks and disclosures compiled by the CCPs for general information purposes only, with the goal of enhancing the accessibility of available information. The document was launched to address a request from SIFMA and FIA for a schematic distillation of the rulebooks related to NDIs. CCP Global and its members further enriched the document by incorporating references to where information is addressed on other aspects of CCP risk management practices.

The results obtained thus far have been reassuring and it is important to recognize that these enhancements to current disclosures have been taken without an associated regulatory expectation. This demonstrates CCPs' ongoing commitment to transparency and working with the industry. Given the above, we recommend that BCBS-CPMI-IOSCO defer any PQD enhancements to CCPs, which have a proven track record of working with the industry. This approach allows for thoughtful planning and implementation, while also ensuring that any adjustments are made in a manner that aligns with the practical considerations and dynamics of the industry.

Proposal 6 regarding new standardised measure of margin responsiveness:

CCP Global also has reservations about the proposal for a standardized measure of margin responsiveness. The additional disclosure of a measure of margin responsiveness, publicly disclosed through the PQDs, does not achieve the stated objectives of enhancing market participants' ability to estimate their own liquidity needs. Further, it is important that the design of a margin responsiveness metric and its applicability should recognize the unique characteristics of different CCPs, including the products they clear, distinct risk factors, methodologies, and other features. Reliance on such a metric to inform liquidity planning would result in CMs and clients relying on retrospective data that may not accurately represent future events and could leave market participants unprepared for actual changes in their portfolios. If market participants rely on this measure for their future liquidity planning, there is a risk of an inadequate provision of liquidity leading

to reduced market stability during the most volatile periods. We should also be cautious that a measure that does not recognize the unique characteristics of different CCPs is rather misleading and may result in an unintended focus on comparing CCPs' margin model performance by their responsiveness, rather than focusing on the adeptness of their risk management. CCPs should always be able to take appropriate actions based on their robust risk management frameworks to best manage their risk exposures and safeguard the wider financial market stability.

In addition, it is important to recognize that market participants already possess information and tools to holistically understand the responsiveness of a CCP's margin model. Margin simulation tools allow users to analyse the margin required for various portfolios. These tools pair well with the PQD's margin disclosures and other channels of qualitative information, such as white papers, detailed margin model documentation, and bilateral meetings with CCPs, can be more useful. It is worth highlighting that some CMs and their clients also already possess the ability to estimate a margin model's responsiveness through in-house developed tools or third-party margin simulation tools. Moreover, we would note that any significant reliance on this measure for liquidity planning purposes would be inappropriate, as discussed below.

The margin responsiveness measure as proposed reflects the change of IM requirement over the change in the volatility during the observation period with a specific look-back period. It is worth noting that such a relative measure is not proportionally linear. The measure in a low-volatility market environment can be very different from the measure in a volatile market scenario. It is imperative to emphasize that such responsiveness measure can only provide backward-looking insights on the model performance, and does not assist in any way in enhancing market participants' ability to estimate their own liquidity needs. The use of such measure, without the knowledge of understanding the mechanics and the purpose of the information that it delivers, can be misleading and in fact dangerous.

We also want to highlight that volatility (which includes price changes) is not the only driver for IM changes. When the market is relatively calm, the IM can change significantly when CMs and clients are holding directional portfolios or moving from balanced to more concentrated portfolios. Overreliance on a margin responsiveness measure may lead to underestimation of liquidity requirements in a low-volatility market environment.

We are also concerned that the margin responsiveness measure, as proposed, may give a false sense of comfort and inadvertently lead to scenarios where participants assume an outcome will occur, based on the measure, and thus, are less prepared for their liquidity needs. If the measure is designed and based on the aggregate products or portfolio level to be more representative of the market portfolio, it cannot explain the constituent level IM responsiveness. Using such measure to estimate liquidity preparedness will be misleading, especially for a highly concentrated portfolio with IM requirements driven by specific products. We have concerns that any measure, no matter how well they are designed, could be over-interpreted and therefore fail in its original intent.

Proposal 7 regarding the analytical and governance framework of CCPs' margin framework:

We support the current proposal that CCPs maintain an analytical and governance framework, appropriate to their business lines and risk profiles, for assessing the responsiveness within the broader context of margin coverage and cost; however, the fundamental need of CCPs to cover risk should not be mitigated by consideration of other factors. As explained above, each CCP is unique and must be able to tailor its analytic and governance framework to the specific features of the margin models it employs and the products it clears. Generally, it is worth noting that many CCPs already employ the proposals outlined in

Proposal 7 as a part of their current risk management practices. We would also like to highlight that the 3 aspects proposed should not be equally weighted as further elaborated in Q8b, and caution against any hard thresholds required as the triggers for specific action to be taken based on the governance framework.

Proposal 8 regarding the governance and public disclosure on the use of discretion to override model margin requirements:

CCPs already have robust and clear governance frameworks for overriding the model margin requirements and monitoring practices that inform the use of their discretion. CCPs also undertake reviews when they have exercised discretion in overriding model margin requirements and clearly state such discretionary powers in their rulebooks. We believe a CCP's decision to override model margin requirements must consider the specific facts and circumstances at play and should be principle-based. We do not believe that it is prudent and appropriate for CCPs to pre-define all specific hard thresholds or scenarios for using such overriding powers. Additionally, it is unclear how additional disclosure of discretion used in the PQDs, especially during stress market periods will be beneficial and support market stability. We believe the disclosure of these scenarios could easily mislead market participants, as they may assume that certain actions may or may not be taken under a given set of circumstances.

Accordingly, we are opposed to further changes in the PQD regarding manual margin overrides. Discretion is necessary when certain model parameters need to be updated to ensure the resulting margin requirements align with the amount that would have been set by the model and enhance the stability of margin requirements. CCPs may charge discretionary IM for a number of reasons including due to the nature of a specific CM's credit risk. As such, CCPs may conduct manual override as part of the business-as-usual ("BAU") process to complement the model calculation. It is unclear if the disclosure in the PQDs of such an override in the BAU process would provide any insights or benefit liquidity preparedness and facilitate understanding of the interactions between market conditions, margin responsiveness, and model performance. Second-guessing of CCP decision making could also have the effect of discouraging CCPs from making necessary adjustments according to their own risk management expertise.

Proposal 9 regarding transparency from CMs to clients:

We strongly support a higher level of transparency from CMs to clients and commend BCBS-CPMI-IOSCO for promoting a level of transparency from CMs that is complementary to the high level of transparency already provided by CCPs. This is particularly important and beneficial, considering that clients have a direct relationship with CMs, and their margin requirements are ultimately determined by CMs. While CCPs establish the baseline margin requirements and provide comprehensive information to clients, clients must understand that the final margin requirements are shaped by CMs' models, which may include client-specific add-ons. Improving transparency from CMs to clients would be beneficial and allow clients to better understand the margining mechanisms along the chain and better prepare themselves for potential liquidity needs. Overall, CMs should make sure their clients have a sufficient understanding of their margin requirements including any additional margin levied by the CMs on top of that called by the CCPs.

Proposal 10 regarding transparency from CMs to CCPs:

We fully support Proposal 10, which appropriately recognizes the importance of transparency from CMs to CCPs. Given the pivotal role CMs assume as intermediaries, not solely to CCPs but also within the broader systemic context, there is a distinct advantage in obtaining a comprehensive insight into their credit and liquidity risk exposures spanning across critical markets. This is particularly true in the backdrop of increasing interconnectedness and intricacy within financial market operations, since a CCP's CMs may have affiliates that are members at other CCPs and more broadly, CMs are not members at all CCPs. The proposed

disclosure will aid CCP risk management, by allowing CCPs to have a more holistic understanding of the risks and resources of CMs across cleared derivatives markets and align with what we have been advocating in the Market Participant Public Quantitative Disclosures (“MPPQD”)⁷ proposal. We also recommend making this disclosure publicly accessible to serve as a source of information for clients to conduct due diligence on CMs. It may also be potentially beneficial for regulators and other stakeholders to have access to this disclosure for the purpose of monitoring the markets they oversee and their participants and tracking where risks may reside or build.

Q2. Are there any aspects of margining practices in centrally cleared markets that have not been adequately covered by the set of proposals and which could positively contribute to achieving the Margin Group’s objectives?

As mentioned in the Phase 1 Report, the financial markets generally proved resilient, with no widespread concerns about counterparty credit risks in the market turmoil of March 2020 which was considered the most significant test of the resilience of financial markets since the Great Financial Crisis. Despite a focus on the liquidity effects of margin calls during March 2020, the report also acknowledged that IM for centrally cleared markets were not the sole or predominant cause of the overall dash-for-cash during the period. Additionally, there were gaps in the data on the performance of non-centrally cleared markets during that time and what impact those markets had on financial stability, which hindered the ability of authorities to fully analyse the events that transpired. With this in mind, CCP Global wants to emphasize that any enhancement in margin transparency in the non-centrally cleared market would be more beneficial.

We strongly believe that further provision of information by CCPs would not be as impactful to market participant preparedness as enhanced engagement with existing disclosure and tools. With that said, we are encouraged to see BCBS-CPMI-IOSCO include enhanced disclosure by CMs to their clients in the Consultation’s proposal as it relates to multipliers applied against CCP margin requirements, which have had a strong amplifying impact and drain on liquidity.

As stated in the introductory remark to this letter, CCPs already provide significant public disclosures on their margin models and also, support various other forums and means for sharing information on their margin models with market participants (e.g., white papers). The existing channels provide robust opportunities for CMs to gain comprehensive insights into the intricacies of margining models, rendering some of the proposals seemingly redundant.

It is important to be mindful of the fact that CMs and clients bear the responsibility of familiarizing themselves with the available information and engaging proactively with CCPs as needed. Overall, there has been a high level of transparency facilitated by CCPs’ disclosures which allows for the margin analysis and replication by market participants, including CMs and service providers.

Q3. Many of the proposals recommend that a market participant group (e.g. all CCPs, all CMs etc) be required to provide enhanced disclosure or adopt a new practice. Should the principle of proportionality, with requirements dependent on participant size or type, be used in determining how different firms apply the proposals? If so, in what ways? Please specify the proposal(s) in your response.

⁷ CCP Global (previously CCP12), Response to the BCBS-CPMI-IOSCO Consultative Report on Review of Margining Practices (January 2022), available at [Link](#), P. 16-20.

We believe all CMs should be required to provide enhanced disclosures and adopt new practices consistent with those already employed by CCPs, but there should be an appropriate timeline for the roll-out. There may be certain functionalities that some CCPs need to incorporate into their margin simulation tools (i.e., analysis of current/ hypothetical portfolios under current and backward-looking market conditions) and therefore, there should also be an appropriate timeline for the roll-out with regard to requirements for CCPs. The consideration of proportionality in regulatory requirements is important when proposing enhanced disclosures or new practices, e.g., cost-benefit analysis.

Q4. Are there cases in the proposals where there could be an effect on bilateral market margining? If so, what are the factors or instances that should be taken into consideration to ensure that proposals for cleared markets do not negatively affect dynamics within other markets?

There is an existing disparity in transparency levels between central cleared and non-centrally cleared markets, including with respect to margining. In our previous response to the BCBS-CPMI-IOSCO consultative report on *Review of margining practices*⁸, the sections on non-centrally cleared markets were not extensive due to a lack of complete and granular data and it was difficult to be as conclusive as the centrally cleared markets regarding the corresponding margin dynamics during the Covid-related period of stress. The level of transparency provided by CCPs is however not replicated by other financial market intermediaries, and disclosures currently made by bank CMs do not provide sufficient insights into the risks that the intermediaries face from their non-centrally cleared exposures, risk management practices, and other capital markets activities. As such, we propose providing disclosures on CMs' credit exposures in the non-centrally cleared markets, scale and nature of IM and VM flows in the bilateral markets, particularly discretionary IM, add-ons, and other margin model parameters. These disclosures would deliver substantial value and enhance transparency within bilateral markets, fostering a deeper understanding of market dynamics for both cleared and non-centrally cleared markets. It also aligns with the broader industry goal of promoting transparency and facilitating more informed decision-making processes across markets.

Q5. Proposals 1 and 2 recommend that margin simulation tools be made available by all CCPs to all CMs and clients, with enhanced functionality.

a. Are there certain modes of access to CCP simulation tools which are less costly or more effective?

CCPs typically provide margin simulation tools through various channels, contingent upon various factors, including demand, usage patterns, and accessibility of technological solutions. For instance, the tools can be provided through standard graphic user interfaces ("GUIs"), API connections, third-party service providers, and public websites. Margin simulation tools, as confirmed by the Consultation, vary in accessibility. For example, some CCPs offer tools to CMs only, clients and CMs, or the public, and ultimately, accessibility may come at different costs. Various modes of access incur distinct costs, which also vary based on the functionality available in the margin simulation tools with certain functionalities being more costly than others.

b. Are there any impediments to making simulators available to clients? To what extent could these impediments be mitigated or resolved, e.g. by changing the mode of providing access

⁸ CCP Global (previously CCP12), Response to the BCBS-CPMI-IOSCO Consultative Report on Review of Margining Practices (January 2022), available at [Link](#), P.5.

to tools, or how clients request access to tools? Does this depend on the format of CCP tool (e.g. the use of cloud technology, the use of APIs, etc)?

We express concern regarding the requirement to make margin simulation tools “available by all CCPs to all clearing members (CMs) and their clients”. In line with our comments above, we believe each CCP needs to determine the appropriate means by which to make margin simulation tools available to clients. Broadly, the clients’ experience in accessing these tools should be self-driven and clients should assume responsibility for initiating requests either through CMs or directly to CCPs.

For example, some CCPs will require undisclosed clients to identify themselves and establish a direct relationship with these CCPs to gain authorized access to the margin simulation tools. In other cases where CCPs make their margin simulation tools available to the general public, CMs and clients can use them without the need for authorization and authentication. Clients can also access margin simulation tools after receiving authorization from CMs, as suggested in Proposal 9 (a), wherein CMs are encouraged to facilitate clients in accessing CCP-provided margin simulators. Clarity in delineating these responsibilities is essential for effective implementation and user experience.

As discussed above, it is also important to note that CCP margin simulators may be of limited use to clients, as clients’ margin requirements are ultimately determined by their CMs, and may be subject to the CMs’ own add-ons. Using CCP margin simulation tools to estimate their own liquidity needs may be misleading to clients as it is likely that the resulted estimates will differ from the CM margin requirements.

c. Are there any reasons why the proposed historical and hypothetical scenarios to be provided as part of the simulator tool suite should differ from the CCP’s current set of extreme but plausible stress test scenarios? In addition, would there be additional value in allowing users to customise their own scenarios within the simulator tool? If so, what types of customisation would be of most value?

We do not agree that it is instructive to provide market participants with margin simulation tools supporting historical and/ or hypothetical scenarios as this may lead to market participants relying on a tool that is based on speculative projection of stress events. As the exact way in which a market event transpires impacts the margin that becomes necessary, a tool which gives indicative results may grossly misstate and therefore mislead CMs and clients as to the margin impacts, potentially resulting in an inadequate provision of liquidity which could in turn reduce the safety of the market.

All tool developments come with a cost to be borne by the CCPs. Customizing functionality is a costly request, both operationally and financially, with limited relevance to market participants in unprecedented events, and in fact, it could be detrimental to market safety. Adding to that, we would like to highlight that stress testing scenarios capturing extreme but plausible market conditions for default fund calibration are designed for a very different purpose than margin. The inclusion of these scenarios could result in significant confusion regarding what margin is expected to cover.

Broadly, the costs of development and maintenance are significant and not commensurate with the benefits, and therefore, CCPs should not be mandated to offer margin simulation tools that allow for the simulation of historical or hypothetical market conditions or customisable scenarios.

d. Are there any elements of the initial margin calculation (e.g. add-ons) which would be difficult to incorporate into a standardised simulation tool? If so, what are the relevant challenges?

As the Consultation pointed out, “the expectation is that the simulator would incorporate the effect of add-on charges that are related only to the position being margined..., but would not necessarily incorporate add-ons that are related to the market participant (e.g., related to a CCP’s credit assessment of the participant)”⁹. While CCPs have a strong interest in their margin simulation tools being as representative of actual margin requirements as possible, it is crucial to emphasize the inherent challenges associated with incorporating certain types of add-ons that are not built into the margin models. For instance, margin add-ons that are calculated outside of the margin model are commonly dependent on a CM’s specific risk profile and thus, cannot effectively be captured in a margin simulation tool. For example, some CCPs’ concentration risk add-ons are based on the relative size of the CM’s positions to the overall trading volume of the instrument or the CM’s capital requirements, or in other cases, some CCPs’ default fund add-ons are calculated based on the relative size of the CM’s exposures to those of other CMs. Margin add-ons may also be discretionary add-ons that are CM-specific. These types of margin add-ons are challenging, if not impossible, to be meaningfully simulated and incorporated into the margin simulation tools. Given these complexities, it is important that CCPs retain flexibility in determining which margin add-ons are to be captured in their margin simulation tools.

Again, it is vital that a CCP can act at its discretion (based on the rulebooks and governance framework) in a rapidly shifting market and can charge discretionary add-ons to collateralise risk versus the counterparties it faces appropriately to maintain broader market safety. Limiting the CCP’s ability to do so, by insisting on entirely restrictive predefined margin change or model specifications, would be extremely imprudent. Such a requirement would prohibit a CCP from performing appropriate risk management and would introduce risk to the financial system.

Q6. Proposal 5 recommends a set of changes to the PQDs, further detailed in Table 5 of the report.

a. With reference to Table 5, would the proposed additional data breakdowns and increased frequency of reporting facilitate market participants’ understanding of the margin system?

As noted above, we question the usefulness of the proposed daily disclosure of the PQD data fields, as well as the additional data breakdowns. We do not see the direct value it would add in enhancing market participants’ understanding of the margin system or supporting the market participants’ liquidity preparedness, particularly when it covers mainly daily disclosures and is of a retrospective nature. The disclosures of the peak IM call amounts in the current PQD, as well as IM required and on-deposit, have already provided market participants useful context to support their understanding of the potential changes in IM. It is important to recognize that PQDs should not be viewed in a vacuum and should also be considered relative to other PQD items, such as peak and average VM paid, and more broadly, CCPs disclosures on their margin models, including through

⁹ Ibid, P.20.

the public qualitative PFMI disclosures. These disclosures provide a holistic view into a CCP's margin practices that facilitate market participants' understanding of the margin system.

It should be noted that, given the detail of margin rate information that is disclosed by CCPs and the margin simulation tools made available, it is possible for CMs and clients to collect data to assess the adequacy of margin versus market moves on any product or portfolio of their choosing. Some market participants already perform this analysis using the existing information provided by CCPs.

As noted above, generally, our concerns revolve around the potential shift in the nature of the PQDs, originally designed to offer transparency on CCP risk management practices from a holistic perspective, hence the appropriateness of the quarterly disclosure frequency. We emphasize that PQDs are not intended to serve as a daily statistical tool or a daily risk management tool. Preserving the intended purpose and periodicity of PQDs is crucial for maintaining their effectiveness in providing meaningful transparency to market participants.

- b. Would there be any challenges in providing the additional data breakdowns or higher reporting frequencies? If so, are there alternatives that would be equally effective? For instance, are there alternative modes of more frequent public disclosures that would achieve a similar goal but result in reduced burdens on CCPs?**

Providing additional data breakdowns or higher reporting frequencies would be challenging for CCPs. The current quarterly PQD publication with a 2-month lag represents the optimal balance in providing timely publications of information, while also promoting the accuracy of these publications. Complying with daily disclosure, while maintaining the current format and accuracy, would be impractical and place undue pressure on CCPs, given the operational demands and necessary governance reviews. As noted above, the potential benefits of daily disclosure are also not apparent.

Furthermore, there is an inherent risk associated with providing daily margin data, particularly for CCPs offering a limited range of products. Daily disclosures could potentially reveal underlying positions, introducing concerns related to confidentiality and market sensitivity. Striking a balance between transparency and safeguarding sensitive market information is crucial to ensure the effectiveness of disclosure practices without compromising market integrity.

- c. Are there any additional amendments to the PQDs, beyond those set out in Table 5, that would help market participants and stakeholders understand or anticipate changes in margin requirements? What would this information be, and how could this information be effectively incorporated into the PQD framework? For instance, would there be value in including additional non-quantitative information in the PQDs related to margin changes?**

We are generally against any further changes to the PQDs as prescribed by the BCBS-CPMI-IOSCO. The current PQD template is functioning effectively, is machine-readable, and does not necessitate anticipated alterations. As noted above, it includes disclosure of key historical metrics regarding CCP risk management practices, such as IM required and on-deposit, IM calls, VM paid, and backtesting results. It is crucial to emphasize the thoughtful considerations made by CPMI-IOSCO

during the introduction of the PQDs, setting boundaries to avoid revealing sensitive market data, such as position-level data, to safeguard market integrity.

As stated in the response to Q1 regarding Proposal 5, CCPs have been actively involved in continuous efforts to enhance transparency, collaborating closely in a dedicated working group with SIFMA and FIA. A host of milestones have been achieved, yielding positive results and ultimately benefiting all market participants. We suggest that BCBS-CPMI-IOSCO defer further enhancements to CCPs for planning and implementation, who have a proven track record of working with the broader industry.

Additionally, we want to underscore that margin changes are primarily driven by market volatility and positions. While additional qualitative information providing contextual insights into the reasons and drivers for a given margin shift can be helpful and is already commonly provided by CCPs, the resultant answers may be simplistic, e.g., reflecting changes in underlying asset prices or driven by concentrated or directional positions. We are cautious in disclosing position-level information which might draw concerns if CCPs offer only a limited set of product suites. When CCPs hold their PQD webinars, for example, there is more qualitative information provided on the context for a such driver behind the change of IM. However, CCPs who have organized PQD webinars generally report a low participation rate from the market participants. It would be more beneficial for CMs and clients to focus on wider use of existing transparency provided by CCPs compared to additional disclosures through the PQDs.

d. Are there any examples of current public disclosures by one or more CCPs which could be used as a guide for improved transparency?

While CCPs publish public qualitative PFMI disclosures and PQDs, the other public disclosures they provide vary based on a number of factors, including the specifics of their margin models, products cleared, and information requested by key stakeholders. Given that information publicly disclosed by CCPs beyond the public qualitative PFMI disclosures and PQDs is appropriately tailored to each CCP's unique offering, we do not support a generally prescriptive approach to require CCPs to make additional public disclosures.

Q7. Please review the analytical annex detailing the proposed design of a margin responsiveness metric, as described in Proposal 6.

Please see comments included in Q1 for Proposal 6.

- a. Is the proposed method for measuring margin responsiveness (i.e., a large call metric), alongside the associated change in volatility, an informative way of measuring responsiveness? If not, what alternative approach or methodology should be used, and why would that alternate approach better aid market participants in their liquidity planning?
- b. For each parameter input for the responsiveness and volatility risk metrics, please select your preferred choice from the list below or provide an alternative option. Please provide an explanation and any supporting evidence for your choice.
 - i. Large call window: five or 20 days.
 - ii. Observation period: one quarter or one year.

- iii. **Product vs portfolio reporting:** Product, static portfolio or dynamic portfolio. If supporting product-level reporting, please provide information on which products should be reported by the CCPs. If supporting static and/or dynamic portfolio reporting, please provide information on how the portfolios should be determined and an explanation for how that one portfolio would be representative of clearing activity at the CCP.
 - iv. **Volatility risk metric:** Standard deviation or VaR (99%).
 - v. **Volatility risk metric lookback period:** 90 days or two years.
- c. **Are there other parameters where calibration decisions are necessary for consistent disclosure of either margin responsiveness or market volatility?**
- d. **Do you foresee any challenges in the development and use of the proposed metric? For instance, are there challenges in applying a harmonised choice of parameter inputs across all CCPs and all products?**

The general comments are included in Q1 for Proposal 6.

As highlighted above, we have concerns about the proposed design of the measure, particularly given differing risk factors, methodologies, and products cleared across CCPs. Hence, it is challenging to apply a harmonized choice of parameter inputs. Further concerns arise if such a measure may lead to potential misinterpretation and misleading comparison of the model responsiveness of different CCPs, particularly those not aligned with the chosen volatility metric.

Q8. Proposal 7 recommends that CCPs identify and define an analytical framework for assessing margin responsiveness within the broader context of margin coverage and cost.

- a. **Are there other important balancing factors which should be taken into consideration when evaluating the performance of initial margin models?**

As mentioned in Q1 on Proposal 7, we generally agree with the current proposed framework.

While margin responsiveness, margin coverage, and average margin cost are important considerations when evaluating the performance of IM models, local market dynamics should also be considered. The framework should also depend on other considerations, including changes in trading volumes, participant behaviours, and market structures. While the proposed framework aims to aid in assessing model performance and analysing model dynamics, the balancing factors should not be equally weighted and may not be fully comparable between CCPs given different market characteristics.

The fundamental responsibility of a CCP is to appropriately cover risk. Considerations around cost and responsiveness are second order to this and should not be the constraints placed against a CCP's ability to cover risk. As mentioned before, it is important that a CCP can act at its discretion (informed by the rulebooks and governance framework) in a rapidly shifting market and can charge discretionary add-ons to collateralize risk versus the counterparties it faces appropriately to maintain broader market safety. Limiting the CCP's ability to do so, by insisting on entirely restrictive predefined framework, would be extremely imprudent. Such a requirement would prohibit a CCP from performing appropriate risk management measures and would introduce risk to the system.

b. What elements of the “trade-off” framework would most help regulators to better understand how a CCP balances between important risk management factors? In what ways would this framework be useful in identifying cases where a review of the model by the CCP and/or the authority would be beneficial?

In general, CCP Global agrees that margin coverage, responsiveness and cost are the most important metrics for assessing and evaluating the performance of margin models. However, it is also important to note, as the Consultation recognizes, that these three factors cannot be equally considered. While margin responsiveness and cost are important factors to consider, margin coverage remains paramount for CCPs, and CCPs would not sacrifice margin coverage to make a margin model appear less reactive or costly.

Further, it should be noted that the current PFMI already contains appropriate guidance with regard to considering these three factors, and as such, CCPs already have policies and procedures in place for governing margin responsiveness while considering both margin coverage and cost.

Q9. Proposal 9 recommends a number of enhancements to CM-to-client transparency.

We strongly support the proposal for increased transparency from CMs to clients. As highlighted in our responses to Q1, clients’ margin requirements hinge on CMs’ models, i.e., with client-specific add-ons. CMs retain the ability to set the IM requirements for their clients that differ from the minimum IM requirements set by CCPs. As such, further disclosures from CMs to clients to address such ambiguity are beneficial. The proposed disclosures from CMs regarding the mechanism by which client add-ons are calculated and calibrated, description of certain triggers or thresholds, and provision of CMs’ own simulators or private disclosures would be beneficial for clients’ ability to manage their liquidity needs. These measures will empower clients with deeper insights into potential liquidity demands and are more effective than requiring additional transparency from CCPs to clients in accomplishing such an objective. As noted in Q1, despite the various channels of transparency made available by CCPs to clients, there persists a limitation of the usefulness of the information and tools as clients’ experiences are dependent on their CMs and their margin requirements are ultimately informed by CMs.

CMs have the responsibility to ensure their clients have a sufficient understanding of their margin requirements. We emphasize the importance of clients possessing the requisite expertise to understand the margin mechanics and the margin calculated by CMs and CCPs, including the relevant add-ons. We believe most CCPs have already provided relevant disclosures to enable CMs to reference these disclosures to provide relevant transparency to their clients. Additionally, we do not think that there are any aspects of the proposal that would be challenging or overly onerous for CMs to meet.

a. Are there aspects of the proposal that would be particularly valuable for clients, and are there aspects of the proposal that would be particularly challenging for CMs to meet?

Please reference to the general response above.

We would like to emphasize that it is particularly valuable to have the disclosure regarding the application of margin multiplier by CMs against their clients that has been a significant source of lack of transparency, amplified margin increases and liquidity drain.

- b. Do CMs currently provide any form of simulation tool, in addition to the tools provided by CCPs? For those who currently do not, what is the feasibility of CMs developing such tools? What functionality would be of most use to clients in CM-designed simulators?**

The provision of margin simulation tools may vary across CMs. As clients' margin requirements are ultimately informed by CMs, it would be beneficial that CMs offer margin simulation tools tailored to their margin models and the clearing services they offer for the specific products.

- c. On the proposed quantitative disclosure described in 9e), do you have supportive or alternate views on the information that should be provided and the format in which the information should be disclosed?**

We advocate for the disclosure of retrospective data as mentioned in Proposal 9 (e), detailing the maximum, minimum, and average variances between client margin requirements established by the CM and those imposed by the CCP over a specified timeframe.

- d. Do you agree that CMs should adopt an analytical framework for measuring the responsiveness of initial margin requirements for their clients, similar in nature to the proposed framework for CCPs described in Proposal 7? If so, in what ways might that framework need to differ from that used by CCPs, and in what ways might this depend on the type of CM covered?**

We generally support that CMs should adopt an analytical framework for measuring the responsiveness of IM requirements for their clients. Historically, this aspect hasn't received ample attention and could greatly benefit from heightened transparency. The framework should reflect the specificity of the CMs' risk management best practices.

- e. Do you foresee any barriers or challenges to CMs implementing the proposed disclosures, such as cost, negative effects on risk management, or any potential overlap with traditionally proprietary information?**

We recognize that there are associated costs for CMs to implement the proposed disclosures but this should not prevent CMs from adopting the proposal. In contrast to the significant level of transparency and disclosures provided by CCPs, as mentioned in the introductory remarks, there remains a notable disparity in the level of disclosures from CMs, resulting in a gap in clients' understanding of margining practices. The implementation of the proposed disclosures is expected to have substantial positive effects on risk management of the system.

Q10. Please review the list of example CM-to-CCP disclosures provided at the end of Section 4.3.2.

- a. Would the information included in the proposed disclosures aid the CCP's own risk management processes? If not, is there alternative information which would be useful for CCPs to receive from members?**

We strongly agree that the proposed disclosure from all CMs will aid CCP risk management, by allowing CCPs to have a more holistic understanding of the risks and resources of CMs across cleared derivatives markets. As noted in Q1, the increasing interconnectedness and complexity within financial market operations underscore the need for deeper insights into prevailing market

dynamics. Enhanced transparency and disclosure from CMs are essential for fostering overall market stability. The proposal aligns with our ongoing recommendations in the realm of MPPQD which includes a comprehensive aspect of information that can be provided by CMs to support a high-level understanding of the credit and liquidity risks across key markets.

Additional information regarding the CMs' credit exposures in the non-centrally cleared markets will be helpful for CCPs to fully understand the risk profiles of their CMs. Overall, the increased transparency and disclosures from CMs will facilitate better risk assessment, monitoring, and mitigation within the CCP ecosystem, ultimately contributing to the overall stability and resilience of the financial system.

b. Is any of the information included in the proposal description either redundant or duplicative of information already available to the CCP, and thus of minimal value? Does any of the information included in the proposed disclosures differ by institution type?

We acknowledge that the proposed disclosures are moving in the right direction. While certain information may already be available to CCPs based on varying practices, the introduction of standardized disclosure will make the process of disclosing this information to CCPs more efficient for CMs. It would be advantageous if the Consultation encompasses broader disclosures for comprehension, even if any of the information included in the proposal description is already available. Additionally, it would be beneficial for the disclosures already made among other public documents to be included in one standardized template to improve the accessibility of the information.

c. Would collection of the information impinge upon current legal disclosure frameworks?

Generally, CCPs' rulebooks and other contractual agreements support the disclosure of information from their CMs to them.

d. Do any of the example disclosures potentially overlap with traditionally proprietary information?

We do not identify the risk of such disclosures potentially overlapping with traditionally proprietary information.

Conclusion

CCP Global appreciates the pivotal role that transparency plays in the centrally cleared markets, and feels it is important to emphasize the wide range of disclosures already provided by CCPs. While optimizing transparency remains an important shared goal, we are concerned that these proposals are overreaching, and that BCBS-CPMI-IOSCO should, in evaluating industry responses, bear in mind that over-disclosure and expectations for additional functionality regarding margin simulation tools may not necessarily translate into commensurate benefits.

We have reservations about the potential advantages and practical feasibility of several proposals, particularly those related to margin simulation tools for historical, hypothetical, and customisable market conditions, changes in the PQD fields and publication frequency, and margin responsiveness measures.

We support a balanced approach, emphasizing the transparency already offered and encouraging market participants to fully utilize the available resources for enhanced liquidity planning, considering a general underutilization of the resources provided by CCPs. It is crucial to underscore that the concerns and feedback voiced through CCP surveys and responses to the Consultation merit careful consideration by BCBS-CPMI-IOSCO before proceeding with any of the recommendations. We also believe a less prescriptive approach is appropriate, allowing CCPs the flexibility to introduce additional tools and disclosures tailored to their unique circumstances. At CCP Global, we, along with our members, are dedicated to collaborating with market participants to continually improve margin transparency.

Finally, we request improvement and progress to be made on the transparency in non-centrally cleared markets. The provision of relevant disclosure will offer significant benefits to the market in understanding the market dynamics.

About CCP Global

CCP Global is the international association for CCPs, representing 42 members who operate over 60 individual central counterparties (CCPs) 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. CCP Global 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.

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