

## **CCP Global International Default Simulation (CIDS) 2025 Exercise**

### **Guidance Letter**

10 April, 2025

Dear All,

The 2025 CIDS Exercise will begin this year with the default of the fictional clearing member A.C.M.E. on **November 3rd, 2025** and run until the end of the default management process as planned by the CCPs. The Global Association of Central Counterparties (CCP Global, CCPG) is providing this guidance, in consultation with regulators and CCPG members, to ensure that all CCPs and clearing participants approach the drill in a consistent manner.

1. CCPs should follow the **high-level common narrative** of a hypothetical common clearing member (CM) default in a market scenario
  - a. The defaulting clearing member, whose name is A.C.M.E (“A Clearing Member Everywhere”), is **assumed to be representative of one of the 5 largest CMs** as defined by each CCP
2. CCPs will **define their own scenarios** and create the defaulting clearing member’s portfolio(s)
  - a. Each CCP should include asset classes into the simulation that cover a significant part of the overall risk exposure; their regulators may stipulate specific asset classes to be included in this exercise as to also cover supervisory requirements for the period
  - b. The overall 2025 CIDS exercise will therefore cover a broad range of asset classes
    - i. The overall scope includes cash equities, fixed income, and repo, as well as interest rate, equity, commodity, foreign exchange, and credit derivative contracts
  - c. In most cases, the default simulation will incorporate direct trading, hedging and auctioning of the defaulted member’s portfolio(s) according to the CCPs’ default management process
  - d. A **porting** module for **optional** inclusion has been specifically requested by the CIDS co-lead regulators:
    - i. CCPs are encouraged to include this module in their simulation exercise, and involve a number of their (general) CMs so they can opt-in as well
    - ii. The most optimal result would be achieved if several CCPs across different jurisdictions were to opt-in to this module as part of their respective exercises
    - iii. During this module, CCPs may request relevant CMs to accommodate porting of clients from the defaulted CM, in order to test prospective acquiring CMs’ ability to do a full risk assessment of the prospective new clients, while also testing the relevant CCPs’ (operational) processes linked to porting
    - iv. The aim would be to achieve a balance between

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1. creating a porting scenario which is as realistic as possible, while also;
    2. achieving an acceptable level of confidentiality around clients/client positions
  - v. Each CCP is best positioned to set-up its own porting exercise so guidelines should be flexible and high level, but portfolio to be ported should be “representative” of an actual CM portfolio in that it covers the most important client account types for the relevant CCP
  - e. Additionally, collateral liquidation, and other modules such as funding arrangements, may be tested on a voluntary basis
3. CCPs may work with the respective regulators for specific components and side-events to be tested in the local or regional context, in addition to the high-level common narrative.
    - a. It is up to the CCPs and their regulator(s) to decide whether to share such information with others.
  4. Ideally, CCPs will conduct the default management processes along the same timeline of an actual default decision. However, if CCPs believe this is not practicable, they should inform their regulator(s). This provides a realistic, if divergent, beginning of a global member default.
  5. During the drill, CCPs are expected to **follow their own internal default management procedures**. The communication and information sharing between CCPs and their respective regulators are expected to be similar to what would occur during an actual default event.
    - a. **This information sharing will be part of the qualitative analysis following the drill.** If a CCP would prefer specific information not to be shared with the group of regulators, this should be communicated with its primary regulator.
  6. Participants are expected to actively engage in the default simulation exercise. Any hypothetical trades, hedges, or auction prices sent to CCPs should be in line with that particular CCP's simulation requirements. Specific feedback will be requested from participants on the conduct of the global fire drill and potential issues experienced. This feedback can be provided to CCP Global (sharing this with co-lead regulators) or participants may elect to provide this feedback directly to the regulatory authority of the relevant CCP.
  7. CCPs are also expected to provide information and metrics to CCP Global and their respective regulators and authorities. The data and information shown in the tables below will be collected for post-exercise analysis.
    - a. Each CCP, in agreement with the respective regulators and authorities, should determine the most appropriate metrics for analysis, given their particular hypothetical portfolio(s).

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- b. If non-CCP Global member CCPs choose to participate, they are encouraged to participate in collecting and sharing such information, though such choice resides with the CCP itself.

| Quantitative Data  | Qualitative Data   |
|--|--|
| <i>Collected by CCP Global</i>   |  |
| Level of participation from CMs (and clients, if applicable)                               | Scope of the test (modules and description of product classes covered)   |
| Time used for close-out of defaulted positions (e.g., time needed for hedging and auction) | Auction practices  |
| Bid outlier ratio by product classes   | Potential improvements identified under the current regulatory framework (e.g., porting or information sharing across jurisdictions) |
| System connectivity rate ( and successful connection to auction platform, if applicable)   |  |

Co-lead or local regulatory authorities **may request further information** on the portfolio of the defaulting clearing member (exposure, client/house etc.) and the scope/depth of default management activities included in the simulation exercise.

8. List of participating and observing CCPs and their local lead regulators and authorities:

|   | CCP Participants                          | Local Lead Regulators / NCAs <sup>1</sup>  |
|---|---|--|
| 1 | ASX Clear                                 | Reserve Bank of Australia (RBA) / Australian Securities & Investment Commission (ASIC)             |
| 2 | ASX Clear (Futures)                       | Reserve Bank of Australia (RBA) / Australian Securities & Investment Commission (ASIC)             |
| 3 | B3 S.A.                                   | Comissão de Valores Mobiliários (CVM) / Banco Central do Brasil (BCB)                              |
| 4 | BME Clearing                              | Comisión Nacional del Mercado de Valores (CNMV)  |
| 5 | Canadian Derivatives Clearing Corporation | Ontario Securities Commission (OSC) / Bank of Canada (BoC) / Autorité des Marchés Financiers (AMF) |
| 6 | Cboe Clear Europe                         | De Nederlandsche Bank (DNB)  |
| 7 | Clearing Corporation of India Ltd         | Reserve Bank of India (RBI)  |
| 8 | ComDer Contraparte Central S.A.           | Financial Market Commission (CMF) / Banco Central de Chile   |
| 9 | CME Clearing                              | Commodity Futures Trading Commission (CFTC)  |

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<sup>1</sup> European Securities and Market Authority (ESMA) will act as a coordinator and relay of information for several EU CCPs.

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|----|---|--|
| 10 | Depository Trust & Clearing Corporation                 | Securities and Exchange Commission (SEC)   |
| 11 | Eurex Clearing AG                                       | Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)/ Deutsche Bundesbank (BuBa)                              |
| 12 | Euronext  | Banca d'Italia / Commissione Nazionale per le Società e la Borsa (CONSOB)  |
| 13 | European Commodity Clearing                             | Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)/ Deutsche Bundesbank (BuBa)                              |
| 14 | Nodal Clear   | Commodity Futures Trading Commission (CFTC)  |
| 15 | FMDQ Clear  |  |
| 16 | LME Clear   | Bank of England (BoE)  |
| 17 | OTC Clearing Hong Kong Limited                          | Securities and Futures Commission (SFC)  |
| 18 | ICE Clear US  | Commodity Futures Trading Commission (CFTC)  |
| 19 | ICE Clear Credit  | Commodity Futures Trading Commission (CFTC)  |
| 20 | ICE Clear Europe  | Bank of England (BoE)  |
| 21 | ICE Clear Netherlands                                   | De Nederlandsche Bank (DNB)  |
| 22 | ICE Clear Singapore                                     | Monetary Authority of Singapore (MAS)  |
| 23 | ICE NGX   | Alberta Securities Commission (ASC)  |
| 24 | Japan Securities Clearing Corporation                   | Japanese Financial Services Agency (JFSA)  |
| 25 | KDPW CCP  | Polish Financial Supervision Authority (KNF)   |
| 26 | Keler CCP   | Central Bank of Hungary  |
| 27 | Korea Exchange  | Securities and Futures Commission (SFC)  |
| 28 | LCH Ltd   | Bank of England (BoE)  |
| 29 | LCH SA  | Autorité de Contrôle Prudentiel et de Résolution (ACPR)/ Autorité des Marchés Financiers (AMF)/ Banque de France |
| 30 | MIAX Futures  | Commodity Futures Trading Commission (CFTC)  |
| 31 | Muqassa Securities Clearing Center Company              | Capital Market Authority (CMA)   |
| 32 | Nasdaq Clearing AB                                      | Swedish Financial Supervisory Authority (Finansinspektionen)   |
| 33 | NSE Clearing Limited                                    | Securities and Exchange Board of India (SEBI)  |
| 34 | New Zealand Clearing and Depository Corporation Limited | Reserve Bank of New Zealand (RBNZ)/Financial Markets Authority (FMA)   |
| 35 | Options Clearing Corporation                            | Securities and Exchange Commission (SEC)   |
| 36 | Central Depository (Pte) Limited                        | Monetary Authority of Singapore (MAS)  |
| 37 | Singapore Exchange Derivatives Clearing Limited         | Monetary Authority of Singapore (MAS)  |
| 38 | SIX X-Clear   |  |

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|    | CCP Observers  |
|----|--|
| 1  | ABAXX  |
| 2  | Argentina Clearing S.A.                                  |
| 3  | Bursa Malaysia Berhad                                    |
| 4  | Camara de Riesgo Central de Contraparte de Colombia S.A. |
| 5  | Dubai Commodities Clearing Corporation                   |
| 6  | Dubai Clear LLC  |
| 7  | IDClear  |
| 8  | Multi Commodity Exchange Clearing Corporation Limited    |
| 9  | Shanghai Clearing House                                  |
| 10 | Thailand Clearing House                                  |
| 11 | Taiwan Futures Exchange                                  |
| 12 | Takasbank  |

Sincerely,

CCP Global

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