



CCP GLOBAL POSITION PAPER ON CENTRAL BANK DEPOSIT ACCOUNT ACCESS FOR CCPS

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CCP GLOBAL
THE GLOBAL ASSOCIATION OF CENTRAL COUNTERPARTIES

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I. Introduction

Central counterparties (“CCPs”) legally interpose themselves between buyers and sellers of the markets for which they clear, becoming the buyer to every seller and the seller to every buyer through novation (or, less frequently, open offer).¹ They act as a crucial backbone for financial markets, managing many different types of risks for the benefit of the whole clearing ecosystem and reducing systemic risk. Their significance was recognised by policy makers in particular after the Great Financial Crisis of 2008 which resulted in requiring standardised OTC derivatives to be cleared through CCPs. Since then, the role and importance of CCPs has grown and appropriately robust global standards and local regulations governing CCPs have been further refined.

CCP access to central bank deposit accounts can be an important tool for the purposes of holding financial resources which are under CCPs’ management – bringing significant risk management benefits, guaranteeing the highest level of safety for such funds, and reducing the need or necessity for cash transformation into less liquid instruments, particularly in times of stress. CCP Global believes that broadening CCPs’ access to central bank deposit accounts would be an important step to strengthening market resilience and financial stability.

II. The functions and significance of CCPs

According to the CPMI-IOSCO Principles for Financial Market Infrastructures² (“PFMIs”), CCPs “have the potential to reduce significantly risks to participants through the multilateral netting of trades and by imposing more effective risk controls on all participants”, as they “typically require participants to provide collateral (in the form of initial margin and other financial resources) to cover current and potential future exposures. CCPs may also mutualise certain risks through devices such as default funds. As a result of their potential to reduce risks to participants, CCPs also can reduce systemic risk in the markets they serve. The effectiveness of a CCP’s risk controls and the adequacy of its financial resources are critical to achieving these risk-reduction benefits.”³ In addition to the above-mentioned functions, CCPs may, among other functions:

- facilitate effective management of clearing member (“CM”) defaults,
- reduce interconnectedness in financial markets,
- enable trade anonymity,
- increase operational efficiency,
- reduce settlement fails,
- enable balance sheet netting and cost reduction for market participants,
- facilitate all-to-all trading, and
- provide a great level of transparency.

¹ Please refer to [CCP Global 2022 Annual Markets Review](#) for a description of the CCP model, at p. 26.

² CPMI, IOSCO, Principles for financial market infrastructures (April 2012): [Link](#).

³ Ibid., at p. 9.

All these features contribute to the stability of financial markets across the world. The recognition of these benefits resulted in the implementation of regulatory mandates for central clearing in many markets and in many CCPs being considered systemically important institutions, supervised and overseen by their respective authorities, which, oftentimes, are central banks.

The topic of CCP access to central bank deposit accounts has been under discussion among CCPs, central banks, standard setting bodies ("SSBs"), regulators, and supervisors for many years. As discussed below, the risk management benefits of such access, including through its systemic risk reducing effect across the financial ecosystem and its potential to enhance financial stability, have been widely recognized, including in the PFMLs. CCP Global strongly believes that affording CCPs access to central bank deposit accounts would facilitate their risk management practices and be reflective of their special role as financial market infrastructures ("FMIs").

III. Risk-reducing function of CCP access to central bank deposit accounts

Access to central bank deposit accounts would be a universally recognised mitigant of several types of risks that CCPs manage, in particular, custody and investment risks, which in the case of investment risk may also present liquidity risk. CCPs generally hold their own resources and manage the collateral posted by CMs (including on behalf of their clients). Collateral is posted by CMs to cover the CCP's initial margin ("IM") requirement, which in turn serves the purpose of protecting CCPs and their members against potential future exposure arising from the default of a CM in an expected close-out period. Default fund ("DF") contributions become part of the mutualised pool of resources which are meant to cover the uncovered losses in the case of a default of one or more CMs. Thus, both IM collateral and DF contributions are there to protect not only the CCP itself, but also the remaining CCP participants in case one or more of them default.

Typically, CCPs hold cash resources at central banks, keep them in the form of unsecured or secured deposits at commercial banks (in the case of the latter, including through reverse repurchase agreements ("repos")), or invest them in highly liquid financial instruments (most commonly domestic and foreign sovereign government bonds). The quarterly publication of Public Quantitative Disclosures ("PQDs") by CCPs provides significant insight on many features of CCPs' operations and risk management, including where and in what form CCPs hold IM collateral and DF contributions received from their members. As depicted in the data over the years,⁴ CCPs that are afforded access to central bank deposit accounts use them extensively.

One of the fundamental obligations for CCPs across the globe is to establish standards and procedures designed to protect the safety of member and client funds and assets and to hold such assets in a manner that minimises the risk of loss or delay in access. Generally, CCPs establish conservative investment policies in line with local provisions that are designed to ensure the safety of assets which

⁴ Please refer to the latest PQD Quarterly Trends Reports: for Q1 2025: [Link](#), especially p. 7, 17, and 18, and Q2 2025: [Link](#), especially p. 5. For previous quarters and years, please refer to the CCP Global PQD website: [Link](#).

are under their management. These investment policies are designed to minimise counterparty credit, market, and liquidity risks. Additionally, in some jurisdictions, overnight unsecured deposits at commercial banks are limited pursuant to the local regulations.⁵ If CCPs do not have access to central bank deposit accounts, most of them typically manage cash posted to them using one or both of the following two options: an overnight investment in non-cash collateral (repos) or an outright purchase of securities (usually sovereign government debt). Both options expose CCPs to counterparty credit or investment risk, whereas not investing such cash presents counterparty credit risk to commercial banks, who often are also counterparties acting as dealers when cash is invested through repos.

In normal circumstances, CCPs are usually able to find highly creditworthy and well-diversified repo counterparties; entering into repo transactions can become more challenging in stressed market conditions. In the latter case, repo counterparty capacity may fluctuate daily, depending on balance sheet and collateral availability. Even during regular times, dealer capacity is not guaranteed and the repo market closes ahead of many other cleared markets, meaning a CCP may have limited investment options later in the day. This means that such counterparties may not be able to fulfil CCP investment needs at all times or that CCPs may have to exceed their diversification and/or concentration risk appetites.⁶

Where CCPs have deposit accounts at central banks and thus decide not to invest cash posted by their participants, the cash remains in the most liquid form. This, in turn, enables CCPs to have immediate access to appropriate liquidity, which benefits market resiliency as a whole. As noted in the paper published by staff members of the Bank for International Settlements ("BIS"), "[a] CCP has various options to allocate the cash collateral received from members (...). The safest option is to deposit cash with central banks, which is free from credit and liquidity risks (...). This option, however, is available only to CCPs with central bank accounts (...)."⁷

The view that CCPs should have access to central bank deposit accounts and that it would be beneficial not only for CCPs, but also for their CMs and clients, is shared across the industry. This was demonstrated by the letter submitted by the Futures Industry Association ("FIA") and the International Swaps and Derivatives Association ("ISDA") to the U.S. House of Representatives⁸ in which both associations expressed support for the efforts to grant *all* derivatives clearing organizations ("DCOs") registered with the Commodity Futures Trading Commission ("CFTC") and covered clearing agencies ("CCAs") registered with the Securities and Exchange Commission ("SEC") access to deposit accounts at the Federal Reserve Bank ("Fed"). As is the case with CCPs, market participants find the Fed accounts

⁵ Ibid. The PQD statistics show that unsecured deposits at commercial banks constitute a minority of total cash for IM and DF held by CCPs globally. In some cases, there may be regulatory restrictions imposed on the use of unsecured deposits at commercial banks. Notably under EMIR, where cash is maintained overnight by EU CCPs, not less than 95% of such cash must be deposited through arrangements that ensure the collateralisation of cash with highly liquid financial instruments (see Art. 45 paragraph 2 of Commission delegated regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties: [Link](#)).

⁶ "[F]inding new reverse repo counterparties, especially in the time of a crisis, is extremely difficult. Securing a reverse repo arrangement with a dealer is a time-consuming process and can sometimes take weeks or months before it is tested, live and operational." The source: "The importance of central bank access to collateral deposits" (November 2021): [Link](#).

⁷ BIS Quarterly Review, "Liquid assets at CCPs and systemic liquidity risks" (December 2023): [Link](#), at p. 35.

⁸ FIA, ISDA letter (September 2023): [Link](#).

to be “the safest and most liquid place to hold U.S. dollar client margin that is collected and paid on daily basis.”⁹

IV. Current international standards, local regulations, and market practices

CPMI-IOSCO’s PFMI’s Principle 7 “Liquidity risk” states that “[f]or the purpose of meeting its minimum liquid resource requirement, an FMI’s qualifying liquid resources in each currency include cash at the central bank of issue and at creditworthy commercial banks (...).” It further states that “[i]f an FMI has access to central bank accounts, payment services, securities services, or collateral management services, it should use these services, where practical, to enhance its management of liquidity risk. Cash balances at the central bank of issue, for example, offer the highest liquidity (...).” In addition, PFMI’s Principle 9 “Money settlements” states that “[a]n FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.” Thus, the PFMI’s not only envision that CCPs have access to central bank accounts but also indicate that, where this is the case, and where the use of such accounts is practical, CCPs *should* use these accounts as it is a safer and more efficient way of holding financial resources as compared to other existing options.

The importance of granting CCPs access to central bank deposit accounts has also been recognised by the International Monetary Fund (“IMF”) in its Working Paper “Central Counterparties: Addressing their Too Important to Fail Nature” (“IMF Working Paper”).¹⁰ The IMF Working Paper not only enumerates the multiple benefits of CCP access to central bank deposit accounts but also “suggests a common international approach to central bank services to help reduce the dependency of CCPs on services provided by commercial banks.”¹¹

Across and, in some cases, within jurisdictions, the current landscape in respect of CCP access to central bank deposit accounts remains very diverse.¹²

- For example, in the U.S., currently only DCOs and CCAs that have been designated as systemically important by the Financial Stability Oversight Council (“FSOC”) are entitled to an account with the Fed, whereas the non-designated U.S. CCPs cannot access such accounts.¹³ Designated and non-designated CCPs are subject to similar heightened regulations and risk management standards, either through designation or election¹⁴ to comply, which provides a strong basis and rationale for central bank access to be extended beyond systemically

⁹ Ibid.

¹⁰ IMF, Working Paper WP/15/21, “Central Counterparties: Addressing their Too Important to Fail Nature” (January 2015): [Link](#).

¹¹ Ibid., p. 1.

¹² In Annex I to this paper, a more detailed description of different jurisdictions’ approaches to the topic of CCP access to central bank deposit accounts is provided.

¹³ In the U.S. context, the notion of CCPs refers to both – DCOs and CCAs.

¹⁴ The CFTC’s SIDCO regime at 17 CFR Subpart C was implemented to enhance its CCP regulations to be consistent with the PFMI’s. A CCP can elect to become subject to the heightened SIDCO regime by following the procedures in 17 CFR 39.31 and adhering to the heightened regulations in 17 CFR Subpart C. CCPs that are not designated or do not elect to be subject to the SIDCO regime are regulated under Part 39. The designated and elected SIDCO CCPs are qualified CCPs (QCCPs) established by the 2012 Basel CCP capital requirements, which created financial incentives for bank CMs to clear derivatives with CCPs where the supervisory authority has adopted rules or regulations that are consistent with the PFMI’s.

important DCOs and CCAs to other DCOs and CCAs, as long as the central bank's involvement in the CCP oversight is consistent for those that have such access.

- The EU CCP-related regulation recognizes the role of central bank access for cash deposits and settlement, but it is still in the EU central banks' remit to determine if and which facilities are offered to CCPs in a particular jurisdiction. In some cases, this results in the obligation for CCPs to fulfil additional requirements, such as obtaining a banking licence (as is currently the case in France). Notably, the EU CCP-related regulation has been retained by the UK following Brexit.
- Furthermore, while some other countries, such as Argentina, Chile, Colombia, Japan, New Zealand, and Saudi Arabia, enable CCP access to central bank deposit accounts subject to certain conditions, in many other jurisdictions, local regulations are still very restrictive, causing impediments to such access for CCPs.

CCP Global conducted an internal survey among its members, receiving responses from 30 individual CCPs from all major regions, i.e., the Americas, Asia and Pacific, Europe, Africa, and the Middle East.¹⁵ The results from the internal survey further exemplify the different approaches related to CCP access to central bank deposit accounts taken by different jurisdictions and are as follows:¹⁶

- Out of the 30 responding CCPs, 17 have access to central bank deposit accounts, and 13 do not.
- Out of the 17 CCPs with access to central bank deposit accounts, 14 enjoy such access on both an intraday and overnight basis, while 3 CCPs are limited to intraday access only.
- Out of the 17 CCPs with access to central bank deposit accounts, 7 enjoy such access in both their own and foreign currencies, while 10 CCPs only have access in their own local currency.
- Out of the 17 CCPs with access to central bank deposit accounts, 13 are allowed to use them for holding both – cash posted by CMs and their own resources, whereas 4 CCPs are only allowed to use these accounts for holding IM collateral and DF contributions posted in cash by CMs.

The above-mentioned cases show that in terms of CCP access to central bank deposit accounts, regulations and practices differ considerably across and within jurisdictions. In many cases, access is only granted for local CCPs within a specific jurisdiction. These differences create an unlevel playing field and prevent many CCPs from enjoying the risk management benefits resulting from access to central bank deposit accounts. As noted in the IMF Working Paper, “[i]t would be preferable that central banks explicitly recognize CCPs as entities that are systemically important and therefore be allowed to have access to central bank facilities”.¹⁷

¹⁵ The results of the CCP Global's survey can be compared with the results of the survey conducted by the European Association of CCP Clearing Houses ("EACH") among their 13 member CCPs in 2021: [Link](#).

¹⁶ A graphic representation of the CCP Global's survey results can be found in Annex II to this paper.

¹⁷ IMF Working Paper, op.cit., p. 20.

V. Oversight by central banks

Central banks enjoy discretion in deciding whether to provide CCPs with access to their facilities, including to their deposit accounts, and it is up to them to also define conditions that CCPs must meet to obtain such access. Therefore, central banks need to be able to continuously assess that CCPs meet the eligibility requirements. Whilst different jurisdictions have established different structures for involving central banks in the CCP oversight (e.g., in the EU, central banks are involved via the EMIR colleges while the competent authorities drive daily supervision), the central banks' involvement in the CCP oversight needs to be consistent for all CCPs that have such access in a given jurisdiction. Such oversight combined with CCPs' fulfilment of central banks' eligibility conditions should provide central banks with sufficient comfort regarding allowing broadened CCP access to their deposit accounts.

VI. Conclusion

CCP Global believes that CCPs, which play a crucial role in reducing systemic risk, should be afforded the benefits of holding own resources as well as CMs' and their clients' resources in deposit accounts at central banks. Having access to central bank deposit accounts would not only support the risk management functions of CCPs but also benefit market participants, as their funds could be deposited facing the most creditworthy type of counterparty: central banks. To foster CCPs' access to these deposit accounts, the SSBs could support local policy makers in introducing internationally consistent and clear rules in this regard. Local regulators and respective central banks could cooperate and establish such requirements and oversight rules which would enable such access.

CCP Global therefore encourages SSBs to work towards this goal and urges local regulators to enable PFMI-compliant CCPs to have access to central bank deposit accounts in the jurisdictions in which they operate and in the currencies of instruments they clear, whereby, irrespective of where they are located, CCPs that would be granted such access would be subject to appropriate central bank oversight, consistent with CCPs that have such access in a given jurisdiction today and with the oversight structure adopted in the respective jurisdiction. Affording CCPs access to central bank deposit accounts would reduce, in particular, custody, investment, and counterparty credit risks, and would contribute to greater financial stability and decreased systemic risk, thus benefitting not only CCPs but also CMs and the broader financial ecosystem.

Annex I – Examples of several jurisdictions’ approaches to CCP access to central bank deposit accounts

- **In the U.S.,** under Dodd-Frank Wall Street Reform and Consumer Protection Act, “[t]he Board of Governors may authorize a Federal Reserve Bank to establish and maintain an account for a designated financial market utility and provide the services listed in (...) the Federal Reserve Act (...) and deposit accounts (...) to the designated financial market utility that the Federal Reserve Bank is authorized under the Federal Reserve Act to provide to a depository institution, subject to any applicable rules, orders, standards, or guidelines prescribed by the Board of Governors.”¹⁸ Therefore, DCOs and CCAs that have been designated as systemically important by the FSOC are entitled to an account at which they deposit cash with the Fed and receive interest on their account balances (as of now, this is the case for five U.S. CCPs¹⁹). Other CCPs, including those that have elected to be subject to the provisions of the CFTC’s regulations and are compliant with heightened regulations in 17 CFR Subpart C²⁰ (known as “Subpart C DCOs”), are not entitled to such access.

In July 2021, the CFTC Market Risk Advisory Committee voted overwhelmingly to support a report containing several recommendations, including agreeing that CCP access to central bank deposit accounts should be broadened across jurisdictions, subject to appropriate regulatory oversight and supervision.^{21,22}

It is worth noting that the CFTC stated in one of its recently proposed rulemakings that it “believes that central banks are often the safest place to deposit customer funds and has provided exemptions (...) to permit customer funds to be held at foreign central banks in money center countries.”²³ Further, in the same proposal, the CFTC specifically stated that it has required systemically important DCOs with access to Fed accounts and services to use those accounts and services where practical and “as a policy matter seeks to facilitate use of those accounts.”^{24,25}

¹⁸ Dodd-Frank Wall Street Reform and Consumer Protection Act (July 2010), Sec. 806: [Link](#).

¹⁹ These are CME, FICC, ICE Clear Credit, NSCC, and OCC. Source: FSOC Annual Report 2024, p. 67: [Link](#).

²⁰ Code of Federal Regulations: [Link](#).

²¹ DCO Stress Testing and Liquidity, Areas for Discussion, Report of the Central Counterparty Risk and Governance Subcommittee, Market Risk Advisory Committee of the U.S. Commodity Futures Trading Commission (July 2021): “In addition, access to central bank accounts should be broadened across jurisdictions. CCPs typically invest cash collateral to mitigate settlement bank risk; however, this has the consequence of impacting the available liquidity as CCPs would need to liquidate these investments to obtain cash. We would therefore suggest considering making all CCPs eligible for deposit accounts at the central bank, subject to appropriate regulatory oversight and supervision, so that they can securely hold cash without being forced to invest cash. This would ease liquidity requirements of CCPs in stressed market conditions.” [Link](#).

²² Also, in the Hearing before the Committee on Agriculture, House of Representatives, on March 31, 2022, the then CFTC Chairman expressed his explicit support for CCP access to central bank accounts: “[S]peaking on behalf of the CFTC and the regulated clearinghouses that we oversee and the conversations I have been having with them, I do think (...) that the collateral movement and the size of the CCPs and the volatility that we are seeing, it is extremely important to consider this proposal and this idea of having Fed accounts for CCPs.” [Link](#).

²³ A CFTC Proposed Rule “Protection of Clearing Member Funds Held by Derivatives Clearing Organizations” (January 2024): [Link](#), at p. 289 of PDF.

²⁴ Ibid.

²⁵ In this context, CCP Global believes the CFTC could amend the Order Exempting the Federal Reserve Banks From Sections 4d and 22 of the Commodity Exchange Act to expand the application of it to non-systemically important DCOs (“non-SIDCOs”), where non-SIDCOs are subject to appropriate regulatory requirements, supervision, and oversight. This could act as an additional incentive for the Fed to enable access to its customer accounts and other services to non-SIDCOs.

- **In the EU**, regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or “EMIR”) indicates that a CCP should use central bank money to settle its transactions and stipulates that the “[c]ash deposits of a CCP shall be performed through highly secure arrangements with authorized financial institutions or, alternatively, through the use of the standing deposit facilities of central banks or other comparable means provided for by central banks.” The above-mentioned provisions are also applicable **in the UK** as part of the UK EMIR.

Moreover, following the recent EMIR review, the European Commission will be required to submit “a report assessing level playing field and financial stability considerations in relation to generalized central bank access for Union CCPs without the condition of maintaining a banking license. In that context, the Commission shall also take into consideration the situation in third-country jurisdictions.”²⁶

It should be noted for the EU, however, that while EMIR recognizes the role of central bank access for cash deposits and settlement and applies directly to all EU member states, it does not provide the conditions or requirements for accessing these central bank facilities. Therefore, specific national legal provisions apply and it is still in the central banks’ remit to determine if and which facilities are offered to CCPs in a particular jurisdiction, and under which conditions. While guidelines by the Eurosystem aim at ensuring some convergence within the Eurozone, the resulting lack of uniformity in Europe was not only the background for the mandated report mentioned above but also noted by the IMF in its Financial System Stability Assessment of 2018 which called for a more harmonized policy in the Eurosystem.²⁷ The IMF found access to central bank accounts to be a safety net in times of stress, critical to financial stability.²⁸

- Several other examples of jurisdictions allowing CCP access to central bank deposit accounts, subject to fulfilling certain conditions, are Argentina, Chile, Colombia, Japan, New Zealand, and Saudi Arabia.

²⁶ Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets: [Link](#).

²⁷ “The Eurosystem should further develop a harmonized policy for CCP access to central bank accounts and liquidity provision. (...) Access for all CCPs authorized under EMIR to central bank accounts and liquidity arrangements, under certain conditions, would reduce CCPs’ dependence on commercial banks and repo markets for liquidity. The availability of such a safety net in times of market strain is critical to financial stability. Currently the Eurosystem may offer account facilities to European Economic Area (EEA) and non-EEA clearing and settlement entities and may provide liquidity to euro area CCPs. A further harmonized policy is needed for all CCPs, with and without a banking license, addressing also third country CCPs, to ensure a level playing field.” Source: IMF Country Report No. 18/226, Euro Area Policies, Financial System Stability Assessment (July 2018): [Link](#).

²⁸ Ibid.

Annex II – CCP Global’s survey results

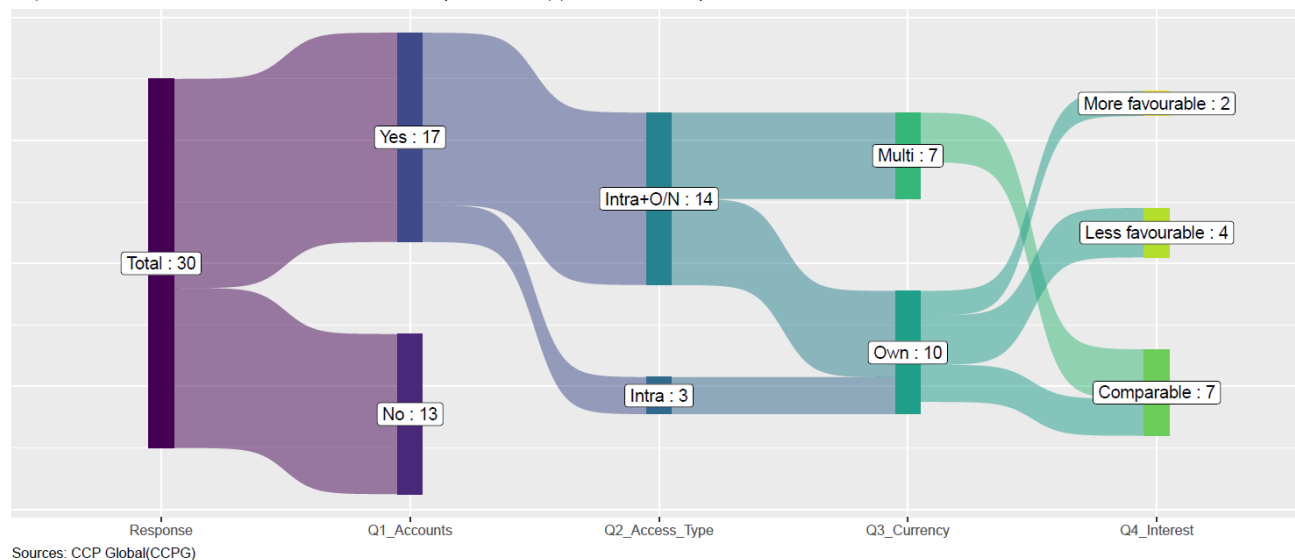
ACCESS TO CENTRAL BANK DEPOSIT ACCOUNTS

Q1) Does your CCP have access to central bank deposit accounts?

Q2) What type of access does your CCP have?

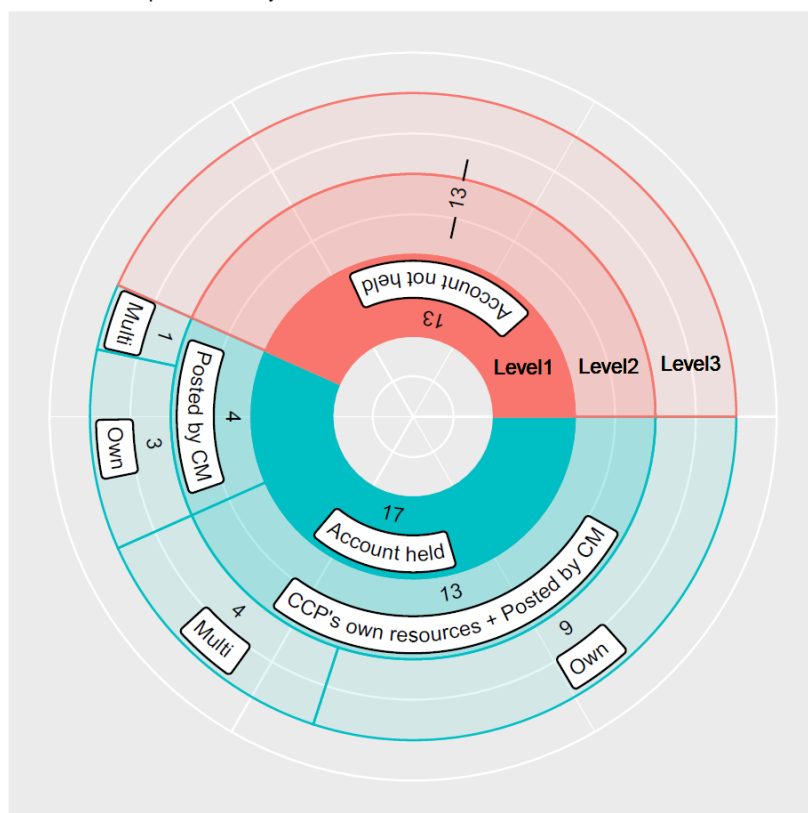
Q3) Access in own currency or multiple currencies?

Q4) In cases where interest is earned on central bank deposit account(s), how does it compare to interest from commercial banks?



Q) For what purpose(s) are you allowed to use the central bank deposit accounts?

- Level1: Account holders status
- Level2: Deposit source
- Level3: Deposit currency



Sources: CCP Global(CCPG)

ABOUT CCP GLOBAL

CCP Global is the global association for CCPs, representing members who operate more than 60 individual CCPs globally across Europe, the Middle East, and Africa (EMEA), the Americas, and the Asia-Pacific (APAC) regions. 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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CCP GLOBAL MEMBERS

