

November 18, 2025

VIA ELECTRONIC SUBMISSION ([Link](#))
The Bank of England

Re: Bank of England's Consultation paper "Ensuring the resilience of CCPs"

The Global Association of Central Counterparties ("CCP Global") is the international association for central counterparties ("CCPs"), representing 44 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 Bank of England's ("BoE" or "the Bank") Consultation paper "Ensuring the resilience of CCPs"¹ ("the Consultation" or "the Paper"). We commend the BoE for continuing to prioritize financial stability in its policy making and its objective to make the new UK rulebook for CCPs more agile, which is particularly important in the constantly evolving world of finance. CCP Global would like to contribute to the Consultation by making a few targeted comments in response to specific proposals found in the Paper, as outlined below.

Chapter 14: Margin

CCP Global and its members welcome the work that regulators around the globe are currently doing on the topic of margin transparency. We are strong proponents of transparency, given its risk management benefits. CCPs have a long-established practice of publishing their rules, and also of providing detailed insights into their activities and risk management practices through their public qualitative and quantitative disclosures, which are in line with the CPMI-IOSCO's "Disclosure framework and Assessment methodology"² and CPMI-IOSCO's "Public quantitative disclosure standards"³ ("PQDs"). CCPs are also subject to detailed reporting requirements vis-à-vis trade repositories and have long provided a comprehensive array of resources to clearing members and clients through various channels, including daily reports (both intraday and end-of-day), model documentation (where applicable), and margin simulation tools, having allocated significant resources to provide such a vast amount and high quality of disclosures.

¹ BoE, Consultation paper "Ensuring the resilience of CCPs" (July 2025): [Link](#). Note, references to "CCPs" in this letter are in regard to UK CCPs, unless otherwise noted.

² CPMI, IOSCO, "Principles for financial market infrastructures: Disclosure framework and Assessment methodology" (December 2012): [Link](#).

³ CPMI, IOSCO, "Public quantitative disclosure standards for central counterparties" (February 2015): [Link](#).

While there is abundant information made available by CCPs to facilitate understanding of how CCPs' margin models work, as alluded to above, these resources generally remain underutilized by market participants. We caution against an overly prescriptive set of requirements for additional transparency from CCPs to clearing members and clients, particularly where the benefits to market participants are unclear, and advocate for further educating market participants on transparency already provided by CCPs. Clearing members and clients can, and should, fully utilise the information already available today to understand their portfolios and trades, to support their liquidity preparedness, and to leverage the disclosures provided by CCPs to understand CCPs' margining and broader risk management procedures. For example, while many CCP Global members already offer margin simulation tools to their members, the extent to which all this information is acknowledged and used by market participants is not clear, and, therefore, the benefit of additional transparency also remains unclear.

CCP Global generally has concerns regarding the BoE's proposals where they go beyond the internationally agreed standards. An example of such a provision is the requirement to disclose detailed information on the initial margin model allowing market participants to replicate the model. While CCP Global believes transparency is important for liquidity planning, CCPs already provide a vast amount of information to allow clearing members to sufficiently understand their margin models and estimate potential liquidity needs. Further, CCP Global believes it is important to emphasize the need for CCPs' to be able to exercise a level of discretion in their risk management, and providing information such that it allows margin model replication may lead to market participants to overly rely on these tools to predict future liquidity obligations and lead to less robust liquidity risk management.

CCP Global is also concerned that disclosing detailed information about the margin model's methodology, mathematical specifications, and parameters could expose proprietary algorithms and intellectual property ("IP") that UK CCPs have developed. It should be ensured that UK CCPs are not mandated to reveal proprietary information. If this information is disclosed, it could undermine the UK CCPs' market position. Consequently, UK CCPs may be disincentivised from innovating or refining their margin models. This could stifle advancements in risk management practices, potentially harming UK market stability. The BoE should allow flexibility in the level of detail disclosed (e.g., high-level summaries rather than granular specifications) to balance transparency with IP protection. Additionally, it should be noted that many market participants are focused on margin optimisation, i.e., how they can limit the amount of margin they post. In this context, providing details of margin models that allow for replication may be used to attempt to inappropriately minimise the margin posted to UK CCPs.

CCP Global has further concerns in the area of transparency of model assumptions and limitations. While CCPs typically document assumptions and limitations in their model documentation, it is not clear how such information would be used for liquidity preparedness. As previously noted, CCPs provide a vast amount of information on their margin models to allow clearing members to sufficiently plan for their future liquidity obligations, and does not believe that these disclosures will provide additional benefit. Similarly, providing details of model assumptions and limitations could be used to attempt to inappropriately minimise the margin posted which will weaken UK CCPs' risk management.

What should be stressed is that the exceptionally high level of transparency provided by CCPs is not replicated in other segments of the market. That is why, we strongly encourage policy makers to focus on enhancing transparency from clearing members. End-clients' margin requirements do not only depend on CCPs' requirements but also on clearing members' models and the potential application of client-specific add-ons. Clearing members retain the ability to set the initial margin requirements for their own clients that differ from the minimum initial margin requirements set by a given CCP. As such, further disclosures from clearing members to end-clients to address such ambiguity are beneficial. Appropriate disclosures from clearing members regarding the mechanism by which client add-ons are calculated and calibrated, descriptions of certain triggers or thresholds, and provision of clearing members' own simulators or private disclosures would be beneficial for clients' ability to manage their liquidity needs.

Chapter 15: Default Procedures and Chapter 16: Default Fund

CCP Global believes that an effective porting regime is essential to maintain market stability and protect clients during a clearing member default. Therefore, we welcome the Bank's intention to improve the UK porting regime and agree that successful porting depends, in part, on clients' preparedness in advance. We support including porting in default management fire drills and allowing CCPs to trigger porting to a pre-approved clearing member during a default event without requiring separate client consent.

However, while the proposed changes are valuable, from our perspective, they are not sufficient to ensure successful porting for all clients. Even with these changes, success would still rely on clients designating an alternate clearing member in advance. We believe the likelihood of electing the same backup clearing member by multiple clients, especially those in omnibus accounts, is very low. Similarly, it seems that completing porting within the limited window for clients holding net omnibus segregated accounts would be very difficult. Finally, the proposed regime continues to depend on clearing members voluntarily assuming clients of a defaulted clearing member. In situations where a client is in a net omnibus account and no prior arrangement exists between the client and a backup clearing member, there remains significant uncertainty as to whether clearing members would accept new clients during periods of market stress, particularly when constraints on a bank's balance sheet capacity may limit their ability to do so.

We believe the Bank could consider additional measures. For example, CCPs could extend the porting period if permitted to accept collateral directly from clients on an interim basis. This would provide more time to secure a replacement clearing member. To enable this, CCPs should be exempt from due diligence requirements solely for the purpose of porting. CCPs could also facilitate porting more proactively by being allowed to share client portfolio data with alternate clearing members without requiring prior approval. Furthermore, individually segregated clients should also be allowed to designate a backup clearing member ahead of time, as is currently proposed for omnibus clients, as individually segregated clients may also have set up such arrangements ahead of time, and could

therefore benefit from faster porting.⁴

In the context of the UK EMIR-based framework, it should be recognized that clients in a net omnibus account who do not proactively prepare for and invest in porting arrangements, such as choosing individual segregation and assigning a backup clearing member, are unlikely to achieve successful porting. Certain clients may find that investing in a more portable setup is unnecessary, particularly if their trading activity is limited to contracts with short maturities. However, the current EMIR-based UK regime requires CCPs to attempt porting for all clients. For clients with minimal preparation that are in net omnibus segregated accounts, it may compel CCPs to delay the liquidation of positions until the client gives explicit consent or until completion of the porting period, thereby elevating the risk of losses. Furthermore, during this time, clients in net omnibus accounts are unable to effectively manage their positions, and non-defaulting clearing members may face an increased risk that their default fund contributions will be needed to absorb potential losses. Accordingly, clients should have the option to opt out of porting ex ante. For this purpose, CCPs should be allowed to offer non-portable accounts giving clients the choice between investing in portability (and the associated operational readiness) or opting for orderly liquidation.

While we support porting, we find the proposals on tying default fund contributions of clearing members to the portability of their clients problematic. It is important to consider the potential consequences such proposal could have on client clearing incentives, as it could increase the cost of clearing for clients that are assumed to have a lower porting probability (e.g., no backup clearing member). Ultimately, this could harm smaller clients by limiting their access to the risk management benefits of clearing by challenging their ability to find a clearing member, something that is already a known challenge today. In this regard, we agree with the Bank's recognition that the proposal on considering portability in the determination of default fund requirements "would result in a cost for certain clearing members that might be passed onto clients through lower or higher fees. (...) The proposed policy may also impact the willingness of clearing members to onboard clients who fail to nominate backup clearing members, or categories of client who are less portable due to posing more onboarding difficulties (such as requiring more complex 'know your client' checks)."

Additionally, as a technical point, assuming a very unlikely, yet theoretically possible scenario of all clients in all accounts establishing backup clearing arrangements, the incentive of decreasing contributions from clearing members having clients that are more likely to be ported would no longer be implementable – as the overall size of the CCP's default fund would not change.

We encourage the Bank to not move forward with its proposal to tie default fund requirements to clients' portability, as we believe it could come at the cost of certain clients all together not receiving access to a CCP's clearing services in the first place.

⁴ Please also refer to the CCP Global Primer on Portability (October 2024): [Link](#). In the paper, we point to regulatory considerations that reduce friction to enhance porting, which includes negative client consent regime which has proven particularly effective in the U.S.

Chapter 17: Default Waterfall

While we support strong incentives for effective default management, CCP Global is of the view that introducing a second tranche of “skin in the game” (“SSITG”) is unnecessary and potentially harmful for central clearing. The Bank’s proposal for a SSITG of additional CCP capital may impact clearing member incentives, affect cost structures, and fragment cross-border frameworks. A CCP manages risk brought into the system by its clearing members, it does not underwrite it. Injecting more resources into the default waterfall funded by CCPs (i.e., those that are not engaging in risk taking) may weaken the incentive for clearing members to effectively support default management and recovery. It is important to remember that a CCP, given the nature of its purpose and role in the market it serves, is inherently incentivized to effectively manage the risk that is brought to it by its clearing members. Interposing an additional CCP-capital layer could blur creditor hierarchies, as well as triggers between recovery and resolution, that could lead to legal and operational uncertainty in a time of stress. Further, a second SITG in the UK would diverge from the practices in other major jurisdictions, complicating cross-border comparability and potentially disadvantaging UK-recognized CCPs versus peers governed by a regulatory framework mandating a single-SITG model.

Chapter 21: Supervisory Processes

CCP Global appreciates that the BoE’s intention is to propose changes to the supervisory processes which will make them more streamlined, efficient, and speedy. It is vital that CCPs be able to adapt their offerings and risk management frameworks to changing market demands and conditions as swiftly as possible, in particular in times characterized by unprecedented technological dynamism. In general, we agree with the Bank’s assessment that the proposed measures will reduce regulatory burden for CCPs, and help to promote innovation and efficiencies within them.

However, with respect to model changes, we note that the practical implications of these proposals both increase the number of items requiring approval and include many items that CCPs would consider to be routine changes. Specifically, we note that under the current proposals even non-material changes would need to be notified ex ante using a standard template notification form. This would be a significant expansion of current notification/approval requirements, where non-material model changes can be implemented immediately following completion of internal governance processes and notified ex post via the routine provision of Board/committee packs to the supervision team. Requiring CCPs to notify all the required model-related or other relevant changes in advance and wait 10 business days before implementation would be disproportionate, particularly in times of market stress where CCPs need to be able to act swiftly.

Chapter 25: Recognition of non-UK CCPs

CCP Global appreciates the Bank’s continued commitment to mutual regulatory deference and comparable compliance in the context of recognition of non-UK CCPs deemed systemic. CCP Global believes that continuing to embrace an approach of mutual regulatory deference, supported by regulatory cooperation, is of the utmost importance to fostering healthy and safe financial markets.

Such an approach is consistent with the G20 commitments with respect to the cross-border oversight of global derivatives markets.⁵

At the same time, we would encourage the Bank to reaffirm that Tier 1 CCPs are not brought into the model-change permission regime and remain subject to notification on matters relevant to recognition conditions.

Chapter 26: Eligible Collateral – Uncollateralised Bank Guarantees

CCP Global commends the BoE for opening up the discussion related to uncollateralised bank guarantees. The CCP community has long been an advocate for allowing clearing members to use this instrument as collateral, subject to an appropriate risk management framework. This would alleviate some of the pressure on the liquidity management of non-financial firms. We would therefore strongly support permitting the use of uncollateralised bank guarantees as collateral posted by non-financial counterparties to CCPs (similarly to the EU framework) and would encourage the Bank to speed up the processes necessary to implement regulatory changes in this context.

In terms of tokenised assets being accepted as eligible collateral, it is a relatively new concept which requires further consideration and maturity. It is important that regulations remain technology-agnostic to allow markets to innovate to best serve their needs. CCPs remain open to accept tokenised collateral once it is tested and proven that it can be used reliably and resiliently. Existing eligibility frameworks will continue to apply and preconditions for collateral eligibility, such as active secondary markets, need to be taken into account. Therefore, digital replicas of currently eligible collateral are more likely to be leveraged first.

Furthermore, CCP Global believes that distributed ledger technology ("DLT") may prove useful in enabling near real-time collateral transfers. This capability would allow CCPs to manage liquidity even more efficiently, ensuring that collateral is available precisely and only where and when it is needed. On a technical level, DLT has the potential to streamline cross-border collateral transfers across different jurisdictions in a cost-efficient way. While DLT-based collateral may have the outlined benefits, it is prudent to differentiate the technological layer from the asset type. Regardless of the technology, CCPs shall only accept collateral which is highly liquid with minimal credit and market risk. Any DLT-based asset would need to demonstrably meet these strict criteria.

⁵ Group of 20, Leaders' Statement, Pittsburgh Summit, p. 7 (September 2009) (noting, "[w]e are committed to take action at the national and international level to raise standards together so that our national authorities implement global standards consistently in a way that ensures a level playing field and avoids fragmentation of markets, protectionism, and regulatory arbitrage."); [Link](#); Group of 20, Leaders' Declaration, Saint Petersburg Summit, p. 17 (September 2013) (noting, "[w]e agree that jurisdictions and regulators should be able to defer to each other when it is justified by the quality of their respective regulatory and enforcement regimes, based on similar outcomes, in a non-discriminatory way, paying due respect to home country regulation regimes."); [Link](#).

ABOUT CCP GLOBAL

CCP Global is the international association for central counterparties ("CCPs"), representing 44 members who operate over 60 individual 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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CCP GLOBAL MEMBERS

