

18th June, 2026

VIA ELECTRONIC SUBMISSION

**Department of the Treasury – Office of the Comptroller of the Currency
Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation**

Re: OCC, Fed, FDIC: Notices of proposed rulemaking – US Basel III Endgame re-proposals

The Global Association of Central Counterparties (“CCP Global”) is the international association for central counterparties (“CCPs”), representing 45 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 notices of proposed rulemaking (“NPRs”) issued by the Office of the Comptroller of the Currency (“OCC”), the Federal Reserve Board (“Fed”), and the Federal Deposit Insurance Corporation (“FDIC”) (collectively called “Agencies”).¹

CCP Global commends the Agencies for re-proposing the initial US Basel III “Endgame” proposals. The initial Endgame proposals related to banks’ regulatory capital rules² did not sufficiently recognise the benefits of central clearing and CCP Global acknowledges that the re-proposal is a major improvement compared to the originally proposed rulemakings and that the Agencies have meaningfully responded to the clearing industry’s prior feedback,³ particularly in removing Credit Valuation Adjustment (“CVA”) capital charges on client-cleared trades and decoupling client clearing activity from the global systemically important banks (“G-SIBs”) surcharge calibration. These are significant steps in the right direction. Overall, the re-proposals are materially more capital-neutral than the earlier versions and eliminate several factors that would have disincentivized central clearing and with it the risk reduction and liquidity enhancements that central clearing provides.

CCP Global welcomes these positive changes and appreciates that the most punitive elements of the initial proposed Endgame framework have been substantively addressed in the re-proposals. However, there remain several nuanced points on which CCP Global would like to opine, particularly relating to cross-product netting and the GSIB surcharge.

¹ OCC, Fed, FDIC: NPRs (March 2026): [Link](#).

² Regulatory Capital Rule: Large Banking Organizations and Banking Organizations With Significant Trading Activity: [Link](#) and Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report: [Link](#).

³ Please refer to CCP Global submissions of January 2024 ([Link](#)) which enumerate advantages of central clearing and explain how the original US Basel III Endgame proposals of 2023 could negatively impact clearing and the stability of the financial system more broadly.

Cross-product netting

Question 41: For purposes of the supplementary leverage ratio, the proposal would not modify SA-CCR to recognize qualifying cross-product master netting agreements for non-cleared transactions or to incorporate certain non-cleared (including client-facing) repo-style transactions, given that it is meant to serve as a non-risk-based measure. What are the advantages and disadvantages of modifying the supplementary leverage ratio to recognize such cross-product netting? If the agencies were to consider such recognition, what if any adjustments to the measure should be considered to align with the supplementary leverage ratio's non-risk-based nature and why?

Question 47: If the agencies were to permit recognition of offsetting positions that are facilitated by cross-margining agreements among QCCPs that satisfy certain criteria, what criteria and operational requirements should the agencies establish for a qualifying cross-margining agreement? For example, should the agencies require that a qualifying cross-margining agreement be approved by the QCCPs' primary regulator or regulators? Alternatively, should the agencies require that banking organizations receive a legal opinion verifying the validity and enforceability of the agreement under applicable law of the relevant jurisdictions, or that banking organizations conduct sufficient legal review, including ongoing due diligence, to have a well-founded basis for concluding the agreement would be enforceable under applicable law?

Question 48: What revisions, if any, should the agencies make to the cleared transactions framework in consideration of cross-margining agreements? What are the advantages and disadvantages of extending recognition of cross-margining agreements for default fund contribution capital requirements to cleared transaction capital requirements?

Question 49: What alternatives to the allocation factor described in the proposed formula for the hypothetical capital requirement for cross-margined portfolios should the agencies consider and why?

While CCP Global appreciates that the re-proposals would allow banks to recognize the cross-product netting of repo and derivatives exposures,⁴ we believe further refinements are needed to enable cross-product netting to work in practice. Notably, participants in cross-product netting arrangements have lower, more risk-appropriate margin requirements for participants. However, the re-proposal would limit what banks can net out in their capital calculations, potentially disincentivizing client clearing. One problematic part of the proposed standardized approach for counterparty credit risk ("SA-CCR") methodology is the maturity ratio ("MR") for repo versus derivatives positions, including the cap of 1 year for maturities and the cap of 1 for MR. In the case of bigger maturity mismatches, the potential

⁴ Cross-margining is an important risk management tool that allows market participants to holistically manage their risks by permitting them to recognize the inherent risk offsets of their exposures across clearing houses, which delivers margin and capital efficiencies. Cross-margining arrangements have been successfully used for many years, such as the one between the Fixed Income Clearing Corporation ("FICC") and Chicago Mercantile Exchange ("CME") that allows market participants to recognize the risk offsets of their portfolios of U.S. Treasury securities with interest rate futures.

netting benefits of cross-margining arrangements will be lost. The Agencies did not provide any reasoning or justification within the proposal for why they thought these specific limitations were necessary. On the other hand, the CCPs that provide these types of cross-product netting arrangements, use margin models approved by their regulators that assess and manage the risks associated with exposures, which do not contain the same limitations and years of CCP management have shown that these limitations are not needed. Because we do not believe there is any reason for the MR limitations, nor have the Agencies articulated one, we recommend that the MR limitations not be included in the final rule.

In addition, the re-proposals would only permit banks to recognize “non-cleared” transactions as part of a cross-product netting set. This limitation would not diminish the ability of clearing members to recognize cross-product netting in relation to the trades they clear for other entities,⁵ but without extending the scope of encompassed trades to cleared transactions, banks would not be able to recognize their proprietary cross-margining positions. This has the potential to impact specific portfolio margining, such as mortgage-backed securities or government debt securities portfolio margining.

CCP Global welcomes the Agencies' acknowledgment in the re-proposals of the question of whether banking organizations should be permitted to recognize the risk-reducing benefits of cross-margining arrangements in their Kccp calculations for QCCP default fund contributions. This is not a theoretical construct, since certain CCPs already incorporate the risk offsets generated by their cross-margining programs into the Kccp figures they calculate and share with clearing member banks, reflecting the genuine reduction in net risk exposure that cross-margining produces. The current capital rules, however, do not permit banks to give that information its proper weight, creating a disconnect between the economic reality of the risk and the regulatory capital charge imposed on default fund contributions. Importantly, any such recognition framework must be calibrated to the specific economics of each cross-margining agreement. Cross-margining agreements are often bespoke arrangements, each with its own negotiated loss-sharing and allocation mechanics, and the manner in which losses are allocated between participating CCPs under one agreement may differ materially from that of another. There are relatively few such agreements currently in operation across the industry, which makes a tailored, agreement-specific approach both feasible and appropriate. While CCP Global is encouraged that the re-proposals take meaningful steps toward implementing such recognition, we believe the proposed methodology requires further refinement to fully achieve this objective, as outlined below.

Specifically, while the re-proposals permit a banking organization to recognize cross-product netting arrangements between a bank and its client, the methodology adopts a blunt approach in that the exposure calculation is calibrated against the gross calculation of derivatives and repo exposures, rather than leveraging a risk-sensitive methodology. CCP Global further recommends that it should be made clear that the exposure amount should be calculated using SA-CCR multiplied by the allocation factor, with that factor reflecting the actual contractual loss-sharing terms of the underlying cross-margining agreement, consistent with the agreement-specific approach described above. Moreover, the Agencies should confirm that the capital recognition framework applies to the full scope of transactions covered by a cross-margining agreement, rather than being limited to only those

⁵ E.g., under the FICC-CME end-user cross-margining arrangement.

positions that would independently qualify for cross-product netting, since the risk-reducing benefits of a cross-margining agreement extend across the entire portfolio it covers and not merely the subset of positions that meet the cross-product netting eligibility criteria.

G-SIB surcharge re-proposal

With respect to the cross-jurisdictional activity indicator, the re-proposals would revise the systemic indicators for cross-jurisdictional claims and liabilities to include derivative exposures on a gross-of-collateral basis. We recommend that all derivative exposures instead be measured net-of-collateral to ensure accurate and risk-sensitive representation. Further, centrally cleared derivatives should be excluded from the scope of the indicator calculation. Exposures to CCPs are fundamentally different from other cross-border exposures given their robust risk management frameworks, and strong regulatory oversight. Moreover, excluding these exposures would support longstanding policy objectives promoting central clearing, and better reflect actual risk and resolution complexity. If cleared derivative exposures are included notwithstanding these concerns, a more accurate assessment of cross-border activity would measure risk net-of-collateral because collateral mitigates risk and facilitates orderly resolution.

CCP Global supports the Agencies' aim to address window dressing by basing the G-SIB surcharge calculations on averaged rather than point-in-time measures. This increases robustness and better represents the risk. We would recommend a monthly-averaging approach as it would deliver meaningful benefits while remaining aligned with the objectives of the G-SIB framework of reducing window dressing incentives while providing an accurate representation of risk. It would also reduce reliance on quarter/year-end compression cycles, thereby supporting more evenly distributed operational activity and reducing the potential for market distortions associated with concentrated quarter/year-end behaviour. It may also encourage increased product standardisation and enhance market liquidity, reinforcing the overall resilience of derivatives markets.

The G-SIB surcharge should be implemented in line with standard transition mechanics, without introducing a period in which surcharges are held artificially flat. Maintaining a clear and continuous link between measured exposures and capital requirements is important to ensure that incentives to reduce systemic risk are preserved.

Conclusion

CCP Global appreciates that the US Basel III Endgame re-proposals are a major improvement compared to the originally proposed rulemakings and that the Agencies have meaningfully responded to the clearing industry's prior feedback, particularly in removing CVA capital charges on client-cleared trades and decoupling client clearing activity from the G-SIB surcharge calibration. These are significant steps in the right direction.

The improvements to the Agencies' re-proposals that CCP Global suggests would further recognize the risk management benefits of central clearing in bank capital rules. Making these refinements is particularly relevant as the U.S. Treasury repo clearing mandate takes effect in mid-2027, a development that will substantially expand the volume of activity subject to central clearing and correspondingly increase the importance of ensuring that the bank capital framework does not impose inappropriate costs on clearing member banks providing clearing services to clients.

CCP Global respectfully encourages the Agencies to use the final rulemaking as an opportunity to resolve the open questions identified in this letter. Getting these details right at this stage, before the clearing mandate takes effect, is considerably more straightforward than revisiting the framework after clearing volumes have scaled and market participants have structured their businesses around whatever rules are ultimately finalized.

ABOUT CCP GLOBAL

CCP Global is the international association for central counterparties (“CCPs”), representing 45 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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