

PRESS RELEASE

CCP12 WELCOMES

BCBS PUBLICATION ON

LEVERAGE RATIO TREATMENT

OF CLIENT CLEARED

DERIVATIVES



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CCP12

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PRESS RELEASE

CCP12 welcomes the BCBS publication entitled “Leverage ratio treatment of client cleared derivatives”

On 26 June 2019, the Basel Committee on Banking Supervision (BCBS) released a publication entitled "Leverage ratio treatment of client cleared derivatives" ([BCBS publication](#)). In the publication the BCBS agrees to revise the leverage ratio treatment of client cleared derivatives with the standardised approach to measuring counterparty credit risk exposures (SA-CCR) used for risk-based capital requirements. In effect, this will allow banks initial margin and variation margin received from a client to offset the replacement costs and potential future exposures for client cleared derivatives provided such initial and variation margin is appropriately segregated. This revision will take effect 1 January 2022.

This change is a result of a consultation the BCBS conducted in October 2018 ([BCBS consultation](#)). CCP12 responded to the consultation ([CCP12 response](#)) and the recent BCBS publication is aligned with the CCP12 advocacy efforts, which CCP12 highly appreciates. The amendments should allow more efficiency related to client clearing and incentivize client clearing at large. More broadly, BCBS is of the opinion, “that this targeted and limited revision balances the robustness of the leverage ratio [...] with the policy objective set by the G20 Leaders to promote central clearing of standardized derivative contracts as part of mitigating systemic risk and making derivatives markets safer”¹, which CCP12 fully supports.

„The recent revision by the Basel Committee on leverage ratio is most welcome from the perspective of central counterparties, in fact, we have long advocated that such revision would incentivize client clearing and foster greater market stability,“ said Mr. Zhen Xu, Chairman of CCP12.

¹ BIS = <https://www.bis.org/bcbs/publ/d467.pdf>

“The next phase is the actual implementation in 2022 and it is very important that national regulators uniformly implement this across markets globally in order to see full positive effects, said Mr. Marcus Zickwolff, CEO of CCP12.

CCP12 is a global association of 37 members who operate more than 50 individual CCPs globally across Europe/Middle East/Africa (EMEA), the Americas, and the Asia-Pacific (APAC) regions. CCP12 aims to promote effective, practical and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP12 leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views of its members and seeks to actively engage with regulatory agencies and industry constituents through consultation responses, forum discussions and position papers.

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