

CCP12

Executive Committee

Wednesday 16 November 2016

20:00 Shanghai / 13:00 London / 07:00 Chicago

Name	Firm	Attendance
Alan Bardwell	ASX	✓
Jorge Luiz Pelayo	BMV	
Kausick Saha	CCIL	✓
Lee Betsill	CME	✓
Tim Cuddihy	DTCC	✓
Oliver Haderup	Eurex	✓
Ketan Patel	HKEX	✓
Kevin McClear	ICE	✓
Mikio Hinoide	JSCC	✓
Corentine	LCH	
Erica Brown	Nasdaq	✓
John Fennell	OCC	
Agnes Koh	SGX	
Karl Chen	SHCH	✓
Glenn Goucher	TMX	

Agenda

1. On-going member advocacy

CCP12 has been made aware of on-going advocacy of various buy- and sell-side organisations (primarily ISDA, but also ICI and smaller buy-side focused groups) regarding CCP resolution and recovery. To ensure the view of CCPs is kept in mind, the ExCo agreed to circulate the CCP12 letters and commentary to their regulators.

Note: at a conference immediately after the call, Bob Wasserman from the CFTC/CPMI noted that they had received 27 responses, totalling 350 single-space pages. So there is still a lot of reviewing to be done and it seems there is still time and room to continue advocating.

2. Expecting the EU RRP regulations published soon, will revert to the ExCo with notes

A draft of the EU regulation was widely leaked, but European ExCo members reported that a variety of positive changes had been made to the draft, primarily positive to CCP's position. Specifically, they were made aware that the Commission had ruled out the pre-funded resolution fund and initial margin haircutting, but were planning on keeping partial tear up. There were still open questions about capital write down and the treatment/definition of

creditors in the context of CCP recovery and resolution, so there remains work to do. The Commission has informed members that there will be a lot of decisions and discretion left to the resolution authority, such as specifics around loss allocation. It may be necessary to campaign to local regulators individually. Some local regulators are less than thrilled with the responsibility being placed on national authorities. It seems that the Commission is in a bit of a rush to get a proposal out the door to avoid being behind the momentum on RRP globally.

3. Update on Quantitative Disclosure

CPMI reached out to Jesy and Rafael (EACH Secretariat) to discuss changes to the quantitative disclosure. The changes aren't expected to be significant, but it will be made clear that no changes could be guaranteed without consulting the membership. It would also be communicated that changes could require significant coding edits and could not be guaranteed, given the considerable efforts already undertaken to coordinate and build the template and reports.

Note: Following the meeting, many of the requests were repeats of the requests made by the ESRB and are largely formatting (decimal pts, etc.). The quantitative disclosure working group will reconvene in December to discuss and develop a response.

4. Uncleared margin proposal – Andy Ni from SHCH presented his proposal, which was included in the meeting materials.

By way of background, the PBOC has been looking at margin for uncleared derivatives. SHCH wondered if CCP12 could do something in this area, similar to what ISDA did for SIMM model. It was suggested that the group could publish a standardised methodology for financial institutions. The ExCo was concerned that there may be limited interest in such a model. Further, as an association, it may be difficult to share expertise without touching on sensitive information. The ExCo agreed to consider the proposal further and sent any suggestions to Andy and Karl directly.

5. CEO hunt

The team was moving forward with recruitment for CEO with hopes to fill as early as possible in 2017. Conversations were on-going with Marcus Zickwolff to utilise his consultation services. CCP12 has confirmed a contract with a recruiter out of London, who has already sent over some possible candidates. ExCo members were asked to send any suggested candidates to the group.

6. AOB

Alan provided an update on fee collection via email, as he was unable to attend the meeting. 14 of the members had already paid their fees, with 21 outstanding. One member, MOEX from Russia advised that they would not be able to pay until early 2017 due to the timing of their budget. Only six members had not responded to the invoice or follow up emails. Lee,

Ketan, and Oliver would follow up with the non-respondent members in their respective regions.

In the US, a supervisory stress test of CCPs had been performed and the CFTC had circulated the individual results to the individual CCPs. The overall results seemed positive, and the full results were expected to be published that week.