

**Policy Working Committee
Meeting Minutes
8 August 2017**

Attendees:

Jesy Beeson (JB), (CME) Co-Chair
Ryan Ingram (RI), (HKEx) Co-Chair

- ASX
- CME
- CCIL
- CSDC
- DTCC
- EUREX
- HKEx
- JSCC
- KDPW
- KRX
- LSEG
- NSCCL
- OCC
- SGX
- SHCH
- TAIFEX
- CCP12 Office

Agenda	
1. Prior meeting highlights/follow-ups/minutes.....	2
2. CPMI-IOSCO Consultation on Supervisory Stress Testing (SST):.....	2
3. Outline of potential CCP12 Advocacy Papers.....	2
4. Other initiatives/ Current consultations.....	3
5. Reference Publication of interest.....	3
6. AOB.....	4
7. Follow up	4

<p>1. Prior meeting highlights/follow-ups/minutes</p>	<p>Presenter</p>
<p>RI quickly recapped on the discussion topics from the prior PWC call before proceeding to the next discussion items in the agenda.</p>	<p>Chairs</p>

<p>2. CPMI-IOSCO Consultation on Supervisory Stress Testing (SST):</p>	<p>Presenter</p>
<p>Supervisory stress Testing: The PWC was informed by JB that <i>the Risk Working Committee (RWC)</i> has already been working on a response regarding the SST report from CPMI-IOSCO. Dale Michaels, who is Co-chairing the RWC informed that their first draft is proceeding by the end of the week to the RWC to be finalized. JB also stated that as already discussed in the EXCO: there has been an interest shared on behalf of EACH to share points of view regarding the SST report, thus some aspects will be coordinated.</p> <p>PFMI 2.0 Reactions RI reminded the group on a few points made in last meeting that the PWC could proceed with. Possible comments made regarded the time deadline (the end of 2017) and re-strategizing with local regulators as well as the implementation process. Dale Michaels (OCC) mentioned that there is CPMI-IOSCO meeting to be held in Frankfurt in September and he is in the understanding that Marcus Zickwolff (CCP12) is planning on going on behalf of CCP12. EUREX, SGX also informed that they will be participating. RI suggested to prepare common goals to present at the round table.</p>	<p>Chairs, OCC</p>

<p>3. Outline of potential CCP12 Advocacy Papers</p>	<p>Presenter</p>
<p>RI highlighted the possibility to enhance our global advocacy and leadership through position papers on key clearing risk topics such as those outlined in the agenda materials. The PWC the discussed initial views to the clearing risk topics outlined (see below) to gauge what topics are of primary interest. RI suggested that subset of interested members meet to build out supporting points for each of the proposed position papers ahead of the next PWC call.</p> <p>Themes/topics so far are:</p> <ul style="list-style-type: none"> a.) CCP Recovery <ul style="list-style-type: none"> i. Default Management – Best Practices for Auctions (cross-ref to MRAC efforts) ii. Recovery Measures – Best Practices for VMGH/Partial Tear-up iii .Recovery Framework – CCP perspectives on shareholder capital loss allocation (Default Loss and Non-default Loss) b.) CCP Resolution <ul style="list-style-type: none"> iv. CCP perspectives on implementing the NCWO Counterfactual v. CCP perspectives on financial resources / CCP equity in resolution vi. CCP perspectives on default management incentives c.) Interdependencies d.) Analysis of incentives to clear (consider related industry efforts) 	<p>Chairs</p>

As quite a few members showed interest, thus a sub-group meeting will be held prior to the next PWC call. RI will follow up.	
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4. Other initiatives/ Current consultations	Presenter
<p>CPMI-IOSCO consultation : Harmonization of critical OTC derivatives data elements (deadline 30 Aug, CCP12 OWC)</p> <p>JB informed that <i>the Operations Working Committee</i> has had a meeting and formed a Sub-Committee due to the updates from CPMI-IOSCO on "Harmonization of critical OTC derivatives data elements" but no response paper have been develop yet but their sub-committee is scheduled for an another meeting this week to take the started ideas forward.</p>	Chairs

5. Reference Publication of interest	Presenter
<p>European Union Agencies –technical papers on CCP resilience/recovery/resolution EACH came out with updates as well.</p> <p>RI shared that certain European Agencies are publishing technical papers in conjunction with the advancement of the CCP recovery and resolution draft regulation. RI suggested that the PWC would monitor these papers and create further discussion as deemed appropriate. RI noted that it may be worthwhile to share technical papers with the PWC as it relates to key advocacy points of industry across most jurisdictions.</p> <p><i>Teo Floor (EUREX)</i> noted that upcoming European proposals (such as primary CCP regulation) is specific to legislative structure for CCP recovery and resolution that is likely to be of global influence.</p> <p>Member participants agreed that as an essential side of CCP regulation: updates on these proposals should be discussed within the PWC once published.</p>	Chairs, Eurex

6. AOB	Presenter
<p>Industry markets Overview (Proposal)</p> <p>Teo Floor (EUREX) shared a proposal to the PWC for CCP12 to aggregate, analyze and publish a periodic summary related to data CCP’s publish as part of Public Quantitative Disclosures (PQD) required by the CPMI-IOSCO PFMIIs.</p> <p>Teo provided perspective that despite great interest from the industry and regulators, there is limited industry analysis on CCPs currently published. With reference to the amount of regulatory initiatives and comparable analysis for other types of financial institutions (e.g., banks, exchanges, non-cleared market, etc.), a cleared market analysis on a quarterly basis (for example) could be highly valuable. It was also noted that it could increase the CCP12 presence in the industry.</p> <p>There was support to further consider the proposal including any sensitivities that members might have related to disclosure. Teo agreed to share some supporting points and share with the PWC for further consideration in due course.</p>	<p>EUREX, Chairs</p>
7. Follow up	Presenter
<p>Members interested to assist develop themes in a sub-committee to further draft a position paper(s) on advocacy topics mentioned in section 3.</p>	<p>Chairs</p>
<p>EU technical papers to be shared with the PWC when available and offer for further discussion (Section 5).</p>	<p>Chairs</p>
<p>EUREX to share key points on high level data overview suggestion in AOB</p>	<p>EUREX</p>