

**Risk Working Committee  
Meeting Minutes  
31 August 2017**

**Attendees:**

Andy Ni (AN), (SHCH) Co-Chair  
Dale Michaels (DM), (OCC) Co-Chair

- ASX
- CCIL
- EUREX
- HKEx
- JSCC
- KRX
- LSEG
- NASDAQ
- SGX
- TAIFEX
- TMX
- CCP12 Office

<b>Agenda</b>	
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<p>1. Discussion on any additional thoughts about the draft response to the SST consultation and talk strategy prior to the Frankfurt workshop.</p>	<p>Presenter</p>
<p>DM wanted to thank AN and his team for all their efforts. AN also expressed his gratitude towards everyone for their effort and ideas for the response. AN emphasized that all the comments were excellent and the draft send out previous to the meeting was the third version. The key difference now is within the cover note that highlights a few important points of the paper, AD explained.</p> <p>So today’s meeting was mainly arranged to go through the draft so far and see what last ideas or changes could we implement before Frankfurt’s workshop next week. Therefore, it would be also great to align some thoughts together for the upcoming workshop next week, furthermore to maintain a coordinated voice to proceed with in order to reflect the key comments that CCP12 wishes to advocate forward.</p> <p>DM first wanted to highlight ‘the frequency on SST’ as it had been a discussion point. Some were in favor of annual stress testing and some could have pushed the limit towards every two years. Thus, DM wanted to verify whether there were any desire to change the current suggestion from annual to even further?</p> <p>Referring to this point: TMX required more specification regarding the frequency in part 3 (p.2) as it was not clear how do we plan to proceed with a “phasing in “approach? HKEx also wished to point out that the framework needs to be subject to initial testing exercise or market simulation before proceeding to a regular annual stress testing. DM then specified that it needs to go through a test phase before making it annual so this will be clarified or rephrased into the response.</p> <p>Taken the conversation forward, TMX wished to understand more why CCP12’s Public Quantitative Disclosure template can be used for SST data collection.</p> <p>DM suggested that it would be more beneficial for CCP’s to come together and take initial steps for SST data template and be involved in the process rather than having a template imposed upon us. This is the idea behind this point.</p> <p>TMX then asked clarification regarding data collection and whether it comes from the output or the input?</p> <p>DM explained that the idea is that the CCPs would come with a template from the output that would be then passed on to the regulators and then be coordinated across the CCPs. AN agreed to focus the narrative to reflect this.</p> <p>HKEx wanted to verify whether it is our view that the CCP’s run the SST or that The CCP’s give out the data for the regulators? DM insisted that our view is that the CCP performs the stress test and demonstrates what data the CCP uses and how the CCP then implements that to the the stress test.</p> <p>HKEx asked if anyone has any shared views on ESMA’s stress testing.</p> <p>EUREX informed that in the case of ESMA: CCP’s provided the output of stress test but the aggregation step was done by ESMA. Thus, it can be imagined that for other Stress tests the regulators would be likely to provide some aggregation as well.</p> <p>DM also added that the in the case of CFTC, the process was very similar. CCPs will do the stress tests.</p>	<p>Chairs, all</p>

<p>It was acknowledged that The PQD used should not be too accurate with templates used otherwise the challenge lies in synched templates on quarterly basis.          TMX also pondered that if by looking at ESMA's example which being quite granular: how would our PQD model fit in this proposal?          DM thought that we should at least try this way especially if we could enhance simplicity to this point as the whole process is extremely complex.</p> <p>EUREX pointed out that maybe adding non cleared markets to the aggregation phase or other levels might not be a bad idea.          TMX questioned whether this suggestion would be a paradox as we want to bring in simplicity but then again involve other levels?          EUREX highlighted that this is consistent with what we are stating as we are proposing more high level stress testing among CCP's that shouldn't be too specific in order to aggregate across CCP's more easily but also it could aggregate with other test in the future as well.          Some doubted that this might take the attention away from CCP's as for CCP12 that is the main focus.          On the other hand HKEx suggested that if we could rephrase this in the right away: why not then include it? EUREX and HKEX agreed try propose something and pass it on to chairs later.</p> <p>Then DM then suggested that if there no other major points then we would proceeds with the needed changes and consider this as a final draft.          HKEx then suggested whether we should have a final look after the roundtable in Frankfurt?          DM reminded everyone that the deadline is September 22<sup>nd</sup>. So we could have a final look after the Frankfurt workshop and have final changes made by Friday the 15<sup>th</sup>.</p>	
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<p>2. AOB</p>	<p>Presenter</p>
<p>DM informed the group that he had received an email regarding the CPMI workshop in Frankfurt next week and had been asked to volunteer to present in one of the four sessions. Thus, he suggested that the RWC members participating could volunteer as well to rest remaining 3. The chairs will email the RWC to settle who is participating and volunteering.</p>	<p>EUREX, Chairs</p>

<p>3. Follow up</p>	<p>Presenter</p>
<p>DM will email the group regards to the Frankfurt workshop for the RWC members who will be participating to be coordinated accordingly.</p>	<p>Chairs</p>
<p>The Response will be passed on to final assessment after the Frankfurt workshop before the final deadline on the 22<sup>nd</sup> of September.</p>	<p>Chairs</p>