

**Risk Working Committee  
Meeting Minutes  
6 July 2017**

**Attendees:**

- ASX
- CCIL
- CME
- CSDC
- EUREX
- HKEx
- ICE
- JSCC
- KDPW
- KRX
- NASDAQ
- LSEG
- SGX
- SHCH

CCP12 Office

**Agenda**

Discuss TOR (attached) and Chair(s) and Secretariat of the RWC ..... 1

Discuss the SST Guidance from CPMI-IOSCO and the response paper from the Shanghai Clearing House ..... 2

AOB ..... 3

To follow up ..... 3

<b>Discuss TOR (attached) and Chair(s) and Secretariat of the RWC</b>	<b>Presenter</b>
CCP12 CEO Marcus Zickwolff welcomed everyone present for the first Risk working Committee Conference call. Introducing the proposed Term of Reference: Since no one objected the presented TOR, - it was approved. MZ introduced the two volunteers who had offered to Co-chair the committee. They are Andy Ni (AN), from the Shanghai Clearing House and Dale Michaels (DM), from the OCC which in the absence of other candidates, were both appointed to Co-Chair the RWC.	MZ

<p>Discuss the SST Guidance from CPMI-IOSCO and the response paper from the Shanghai Clearing House</p>	<p>Presenter</p>
<p>MZ thanked AN for the preparation of a draft white paper which was distributed in advance for the meeting, He suggested the Co- Chairs to guide the analysis. DM then informed that the RWC has until the 22<sup>nd</sup> of September 2017 to submit any official response to the Consultative report. He suggested that main feedback themes would be collected today to commence the framework of an official response paper in the next call. Main themes surrounding the SST discussion were:</p> <p>1.) <i>Purpose; Scope and Frequency</i>- introduced a wide discussion on multiple levels amongst the RWC members.          Scope was found alarming as the RWC thought it would be almost mandatory for CCP's to get involved in this process from beginning to an end even though the text introduced this as a voluntary basis. Moreover, as the CPMI-IOSCO report states more of a Macro prudential approach, therefore it doesn't necessarily expect CCP's involvement on every turn, hence this aspect should be kept in mind.          Framing this point well is important. However, it was agreed that there are fundamental and quite complex aspects where it is vital for us to point out certain themes and educate them about, thus avoiding them to go astray. Especially from a regulator standpoint as we should avoid a situation where several regulators approach us with different methods, - so building a bridge between the industry and the regulators is vital.          RWC also found it important to involve other institutions as the report also suggests (buy-side firms; clearing participants etc.) as this would widen the perspective.  <i>Frequency</i>- was found alarming due to multiple regulator point of view where it would end up becoming a monthly SST Exercise for CCP's even on a global level. Thus, Coordinated execution of SST is needed (e.g. that all the SST's are based on data agreed upon and common time period).          RWC pondered whether pointing out a figure for frequency is needed or simply suggest that high frequency on multiple levels adds unneeded work load and dis-proportioned effort. It was also emphasized that Liquidation Stress Testing needs be linked to Credit Stress Testing,- as they should go consistently together. Simplicity in this SST process will be an advantage because this will help to understand the results better in the end.</p> <p>2.) <i>Information Sharing</i>- as the primary regulator needs to request this information from us and becomes therefore the responsible entity holding this information and passing it on. RWC found that the regulators are responsible for protecting this data. The CPMI-IOSCO report lacks concrete "how to do's" regarding information sharing. Confidentiality of the data needs to be stressed.</p> <p>3.) <i>Calibration on Risk Factors</i>- We need to emphasize using the historical examples, however, adjusted to today's context.</p> <p>4.) <i>Aggregation and valuation of results</i>- it is crucial that results are to be put in context before communication. CCP12 should stress the necessity of a careful quality assurance and should be offering to be a part of this step in the process.</p>	<p>MZ, DM, All</p>

<b>AOB</b>	<b>By:</b>
AOB was skipped due to time constraints.	

<b>To follow up</b>	<b>By:</b>
DM will prepare some bullet points to pass on for the next call in order to commence preparing the Consultative Response paper.	<b>DM</b> <b>10.07.2017</b>
RWC members are asked to comment on that list to further prioritize the main feedback themes.	<b>All</b> <b>21.07.2017</b>