

EXCO
Meeting Minutes
15 November 2017

Attendees:

- Agnes Koh (AK), SGX
- Andy Ni (AN),
(On behalf of Chen Guang, SHCH)
- Dale Michaels (DM), OCC
- Erica Brown (EB), NASDAQ
- Hamish Treleaven (HT), ASX
- Kausick Saha (KS), CCIL
- Ketan Patel (KP), HKEx
- Kevin McClear (KM), ICE
- Marcus Zickwolff (MZ), CCP12
- Mikio Hinoide (MH), JSCC
- Robert Taylor (On behalf of Lee Betsill), CME
- Slawomir Panasiuk (SP), KDPW
- Teo Floor (TF), EUREX
- Timothy Cuddihy (TC), DTCC

Other attendees:

- Karolina Ziolkowska (KZ), KDPW
- Nora Pelamo (NP), CCP12

Agenda

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1. Review SGM/Status and next steps for fees 2018	Presenter
<p>Marcus Zickwolff started off by stating that the SGM had been a very successful one and thanked CME once more for their hospitality for hosting the meeting. MZ also informed that the Meeting Minutes had been sent out for participants and final revision should be ready by Nov 22nd to pass on for all members and publicised on our website.</p> <p>One of the most the important topics of the SGM were obviously the membership fees for 2018 and CCP12 Office has reached out to all members in order to finalize the membership structure on for Global; Large; Normal and Observer memberships.</p> <p>A few members are still yet to be finalized on their fee structure due to their internal process.</p> <p>MZ informed that the invoices are scheduled to be sent out by the end of November and due by the end of January. MZ also advised that if any members face any issues with the due dates,- approaching the CCP12 Office is recommended in order to negotiate an individual process.</p> <p>KP asked whether CCP12 had announced via Press Release anything related to <i>The Supplementary Leverage Ratio</i> that was brought upon the SGM. MZ informed that it was included in the SGM Press Release after the meeting and can be passed around in case it was missed by anyone.</p>	<p>MZ,</p>

2. Approval of response to FSB on UPI Governance	Presenter
<p>MZ explained that the operations Working Committee has been working on the FSB consultation regarding <i>“The FSB Consultation Document on Governance arrangements for the unique product identifier (UPI)”</i>.</p> <p>Robert Taylor (CME), who is the chair of the committee then shared the committees views and highlighted CCP12’s standpoint regarding the consultation. The key points being <i>how to handle the issuance of the UPI’s in the future</i>. RT explained that the LEI (Legal Entity identifiers) process that is currently in place is very similar to the proposed UPI process.</p> <p>Possibly, in some jurisdictions UPIs would be needed for exchange traded derivatives as well and not be limited to OTC. The OWC’s goal in this consultation is to highlight that CCP’s are global trade reporters and UPIs should not differ for the same product globally.</p> <p>EB asked about our stance concerning UPIs on OTC’s versus ETD’s?</p> <p>RT emphasized that (within CME at the moment) trade reporting for ETD is consuming basically ISIN codes at the moment but those obligations are temporary. RT explained that as that is not necessarily permanent, thus this approach shouldn’t be confused with the possibility for applying UPI system. EB stated that in Europe reporting is done under EMIR and other regulations and different types of reporting are in place depending of the jurisdiction.</p> <p>TF also added that for Europe this is a complex topic as many approaches are in place, therefore did not want to impose more complexities on the subject as the current suggested response is quite precise. TF also stated that it’s positive to notice a global approach on the subject. It was then agreed that the last changes</p>	<p>MZ,RT</p>

and edits should be in place by Thursday the 16 th as the deadline is on the 17 th of November.	
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3. Debrief from events and meetings	Presenter
<p>3.1 PQD Public release on Nov 2, in Shanghai MZ highlighted The Public Quantitative Disclosure launch and Legal Forum held in Shanghai on the Nov 2nd 2017. The event was very well organized by the SHCH. PBOC and Chicago FED participated and made the event a huge success. CCP12 received a lot of media attention in local news channels and newspapers. KP also found the launch and forum very impressive and thought that the Shanghai Clearing House and municipality did an excellent job organizing it. Andy Ni (SHCH) added that many CCP12 members were present (HKEx, TMX, SHCH, LSEG, CME, SGX, EUREX ect.) and also non CCP12 members. AN added that this will create a lot of promotion concerning our template. PBOC has also added a Press Release on their website.</p> <p>3.2 Meeting with Daniela Russo (ECB/co-Chair CPMI-IOSCO PSG) on Nov 8, in Frankfurt. MZ reported that he had a very productive meeting with Daniela Russo and has already scheduled a next one after their Tokyo PSG (Policy Standing Group) meeting. She has invited CCP12 to participate to the PSG meeting in the beginning of the year in 2018. The meeting will be held either in Europe or New York. Their PSG would be interested to be fully introduced to our side of PQD approach. Currently, PSG is working on best practices for auctions during default management for which they've performed a survey by national supervisors which they will analyse further in their next meeting in Tokyo this December. Also, we might be able to expect final guidance on SST by the end of the Q1 as this is on the agenda for the PSG as well. MZ had suggested on further collaborations regarding on the PQD with the PSG. Daniela Russo also had noted our impressive November Event and suggested we work together with ESRB as they are also preparing further framework on PQD's. She also informed that there might be a meeting in Basel on leverage ratio in the beginning of the year and that CCP12 should be expecting an invitation.</p>	MZ,

4. Regulatory outreach on SST	Presenter
<p>MZ added that concerning the key persons on that list for PSG on the SST; Could we be able to approach them on time perhaps prior their Tokyo meeting in order to be more informed on different out takes on the issue? KP reminded that many of us went ahead and sent the CCP12 SST response to their regulators. TF thought it wouldn't be a bad idea to try to approach them prior the PSG meeting and AK asked that what is needed is approach towards the PSG members and enhance the CCP12 standpoint. MZ confirmed and will follow up to strategize our approach for reaching out appropriately.</p>	MZ

5. Next steps for PQD	Presenter
<p>Teo Floor then introduced a draft that was provided to the EXCO and explained the rationale behind the suggestion; in all simplicity the idea is that CCP12 starts producing a quarterly bulletins on PQD's within 1-2 pages. This would then highlight the global figures we all produce anyway.</p> <p>We would use this to raise awareness for association itself. TF also added that other institutions such as ISDA and vendors take and use our data already. The question being: could we agree to have a dry run where we would produce an internal version within CCP12 of such a bulletin by the end of the year? Furthermore, if everyone is pleased how it has turned out we could then proceed to publicize it on our website.</p> <p>However, the first step would be to design the way the bulletin would be. Much like seeing in the example provided, the attention is simply to distract some of the fields from the PQD, the one specifically on VM, IM, default fund and over collateralization and potentially have an explanation provided within the bulleting of what these items stand for.</p> <p>KZ (KDPW CCP) wanted to add on that this is a good idea, however we should be careful on information that cannot be derived from the PQD for example Netting efficiency.</p> <p>TF agreed, but the reasoning behind including it in the draft was that it is an impressive message of cleared market having such a high netting efficiency in the first place, moreover TF acknowledged that everyone has slightly different figures and agreed also that this isn't a distractible from the PQD.</p> <p>AN, expressed that SHCH fully supports the idea because some regulators have problems comprehending this data and gladly offers help and support putting this bulletin together.</p> <p>KP, also requested if there is a way to enhance resilience and over collateralization? TF replied that over collateralization can be easily added, however regarding the resilience part,- the only feasible perspective might be to emphasize the fact that CCP's are a better option in general in comparison to alternatives like bilateral margin. Thus, TF mentioned to take on board suggestions on this matter.</p> <p>RT reminded the EXCO that during the time the PQDWG was preparing the VM definition together it was a great challenge. Hence, RT suggested that it would be easier to start with IM only. RT also insisted on being cautious regards to default funds size as in the US, The Treasury has begun bench marking CCP's according to GF to IM ratios.</p> <p>TF, enhanced that the reasoning behind adding both VM and IM within the suggestion was to emphasize the fact that the CCP's have no accumulated debt.</p> <p>KP, said that he would disagree with his US colleagues as if we get 'marked to market' wrong, it doesn't matter what the IM is.</p> <p>DM, agreed with RT as within the PQDWG the process for VM was such a demanding one but also fully supports on this new idea, however DM insisted that the figures need to really be well thought out before publishing.</p> <p>TF suggested that in the dry run we take a more cautious look on the alternatives on VM in case we run into any aggregation problem.</p> <p>AK, thought that as many seemed to support the initiative, therefore it would be good to revise the suggested and see where we stand, perform the dry run and see if it works out.</p>	<p>TF</p>

<p>MZ added that from the dry run we will see where does the difficulty rely, as an example he reiterated the challenge of collecting the IM for the fee presentation for CCP12's SGM.</p> <p>TF, agreed to revise and re-discuss the presented. The topic was finalized by ideas to maybe add this into some kind of newsletter format that in the future could be publicised on quarterly basis.</p>	
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<p>6. Next steps for PWC (Survey on central bank access, work on auctions)</p>	Presenter
<p>As discussed in the SGM, the desire to run a survey and further study liquidity and interest rates concerning central banks can be further developed and perhaps over see an idea in work on auctions. As we learnt that the PSG (CPMI-IOSCO) is also taking it further, therefore it would be good to be thoroughly informed in our PWC as well.</p> <p>Finally, on the departure of Jesy (CME), MZ asked if there are any volunteers to Co-chair the PWC.</p>	MZ

<p>7. AOB</p>	Presenter
<p>7.1 Proposal to move next EXCO call to 13th Dec as 20th Dec is pretty close to the Holiday Season.</p> <p>No objections were made, thus next call moved to Dec 13th, 2017.</p>	MZ
<p>7.2 MZ asked to get in touch in case you are travelling to FIA EXPO ASIA to Singapore in the End of November. As meeting or luncheon with SGX can be planned.</p>	All
<p>7.3. Another Media Request from the same reporter as before (Financial Times) so if there is no opposition, the CCP12 will go forward with the article.</p>	
<p>No other business was announced.</p>	

<p>8. Follow-up</p>	By
<p>SGM meeting minutes scheduled for send out after Nov 22nd, 2017</p>	MZ
<p>OWC FSB Consultation deadline on Nov 17, 2017</p>	all
<p>MZ will follow up regarding next meeting with Daniela Russo</p>	MZ
<p>MZ will follow up for the SST Outreach</p>	MZ
<p>Teo Floor (EUREX) will enhance the presented PQD model and add mentioned comments.</p>	TF
<p>Next December EXCO call rescheduled to Dec 13th due to upcoming holiday season</p>	all