

EXCO
Meeting Minutes
21 March 2018

Attendees:

- Chen Guang (CG), SHCH
- Corentine Poilvet-Clediere (CP-C), LSEG
- Dale Michaels (DM), OCC
- Elaine Tang (ET) (On behalf of Agnes Koh), SG
- Ketan Patel (KP), HKEX
- Kevin McClear (KM), ICE
- Lee Betsill (LB), CME
- Marcus Zickwolff (MZ), CCP12
- Mikio Hinoide (MH), JSCC
- Slawomir Panasiuk (SP), KDPW
- Teo Floor (TF), EUREX
- Timothy Cuddihy (TC), DTCC

Other attendees:

- Andy Ni, (AN), SHCH
- Daisuke Miyauchi (DM), JSCC
- Karolina Ziolkowska, KDPW
- Nora Pelamo (NP), CCP12
- Robert Taylor (RT), CME
- Ryan Ingram (RI), HKEX

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1. Approval of Exco Minutes from February 2018	Presenter
No objections were made, thus the meeting minutes from February 2018 were approved.	MZ

2. Updates from the CPMI-IOSCO PSG meeting in Frankfurt and meeting with Klaus Loeber	Presenter
<p>MZ updated the Exco regarding the CPMI-IOSCO PSG meeting, which went very well and CCP12's work on PQD was unanimously supported. On auctions during DMP, no feedback was given about the potential outcome of the PSG work.</p> <p>RT added while the PSG did not give an official order to take action on auctions, result of the work could be used as an illustrative guide on auctions.</p> <p>Regarding SST, it was suggested that CCP12 should pursue a leading role in a global SST discussion. AN stated that Jennifer Robertson confirmed her view that the frequency of a SST should be conducted once a year, at a maximum. RI proposed to reiterate CCP12's position – in a case of a potential global SST, more work will need to be done to ensure that an appropriate methodology is adopted. It was agreed that the RWC should draft a letter to the PSG in this regard.</p> <p>MZ informed the Exco that Klaus Loeber was also very supportive on PQD and indicated that a guidance regarding best practices for auctions during DMP could be drafted. It was mentioned to the Exco that a meeting with Bill Coen (BCBS) could be helpful to promote CCP12's position.</p> <p>MZ further reminded that CCP12's letter regarding APC Measures had been sent to ESMA and that PQD Bulletin project is scheduled to be introduced to the Exco in April 2018.</p>	MZ

3. Shanghai Government funds for new financial institutions	Presenter
<p>AN informed the Exco that Shanghai Municipal Government has awarded CCP12 with funds as a new financial institution in Shanghai. These funds will be paid over the next three years in five instalments. The amount in total to be awarded is RMB 20 million, equivalent to approximately USD 3.18 million. This amount is not taxable under the Chinese law, unless the funds remain unused after five years. Due to anti-corruption law in China, salary income cannot be paid from these funds to a CCP12 member. To date, RMB 4 million has already been paid to the CCP12's account and the next instalment of RMB 4 million will be paid in June 2018.</p> <p>LB suggested that CCP12 should commence drawing up a strategy to put these funds into use. MZ mentioned that some ideas have been sketched, but need further enhancement. One of ideas include allocating funds to the secondment program to the CCP12 Shanghai office, where CCP12 would cover the travel costs while the salary would be still paid by the CCP12 member.</p> <p>TF expressed gratitude for the grant and suggested whether the funds could be</p>	AN

<p>put into good use towards cognitive research. CP-C also echoed TF's suggestion and thought it would be an excellent use. LB also agreed and suggested that organizing academic seminars on industry best practices to educate CCPs would be valuable. It was agreed that the CCP12 office will draft an action plan for these funds for the Exco's consideration.</p>	
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4. Committee Updates	Presenter
<p>PWC RI updated the Exco on the last PWC call from 19th March 2018. The PWC discussed the latest status of the global regulatory initiatives on clearing that was set out in the Joint International CCP Workplan update from July 2017. One of the global regulatory topic discussed was the FSB initiative from July 2017 which discusses the amount of financial resources that a CCP should maintain to facilitate resolution. MZ promised to reach out to the FSB to obtain further information in order to see the course of action that the PWC could take. The call mainly discussed the proposed efforts on cross-jurisdiction CCP recognition motivated by the European Commission's draft report on CCP supervision and recognition. The PWC took the view to prepare an outline of best practices to CCP cross jurisdictional recognition from a third-country CCP perspective and, request that more information on the criteria for determining a CCP as systemically important ("Tier 2 or Tier 3") as well as what procedures would be taken to work with a third-country CCP's regulator to agree any such terms of increased supervision. CP-C agreed that this is an important initiative to take forward; however, commented that the European Commission may not have a comprehensive understanding of how such efforts in the EU impact other jurisdictions and how other jurisdictions approach similar standards. Therefore, it would be very beneficial for the PWC to provide global jurisdictional examples to explain how other jurisdictions provide recognition to third-country CCPs. TC added that it would be important at this point to separate the European Commission's approach from that of ESMA and suggested that the PWC should make a decision on whether to approach this individually or collectively. TF was receptive to the suggestion due to its importance and reminded the PWC should be mindful that differences in opinion may emerge as a result. KP agreed and also commented that it contradicts the G20 objective along with the incentives to clear.</p> <p>Multiple suggestions were made throughout the discussion and it was decided to continue the effort and discussion in the next Exco meeting which would be combined with the PWC.</p> <p>CCP12 PWC/ISDA Clearing Risk Committee Interaction <i>→not discussed due to time constraints</i></p> <p>RWC</p>	<p>MZ</p>

<p>PSG - Possible SST activities - next step is for RWC to reconsider PSG - Possible activities on auctions during DMP – next step is for MZ to reach out to FSB</p> <p>OWC New Co-Chair Ashwini Panse (ICE) MZ officially informed the Exco that Ashwini Panse from ICE has kindly stepped up to co-chair the OWC with Robert Taylor (CME).</p> <p>Cyber Security sub-group: main objectives →<i>not discussed due to time constraints</i></p> <p>PQD sub-group - Updated member list, co-chairs, update on PQD Bulletin, Shanghai Financial Innovation award →<i>not discussed due to time constraints</i></p>	
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<p>5. Follow up on CCP12/EACH combination</p>	<p>Presenter</p>
<p>LB updated the Exco that he met with the representatives of EACH and its board members to explore the merger of the two. The next step could be to form a combined working group from both sides, EACH and CCP12, in order to prepare an official proposal which would be presented in the CCP12 AGM in June 2018. LB continued that given that the Exco still has different views on this, it would be worthwhile to explore this matter further.</p> <p>TF was supportive of the idea but also emphasized the fact that a proposal should be prepared and provided to EACH directly as there is still time ahead of the CCP12 AGM.</p> <p>CP-C agreed and suggested to clarify the approach with EACH since they are not aware about the joint working group efforts.</p> <p>LB will approach members and organize the CCP12 working group, which may be joined by EACH members later on.</p>	<p>MZ</p>

<p>6. AOB</p>	<p>Presenter</p>
<ul style="list-style-type: none"> • CCP12 Website Migration →<i>not discussed due to time constraints</i> • Dinner at 12 April at the meetings of IOMA Chicago →<i>not discussed due to time constraints</i> • Registration open for Clearing Symposium 26 June in Shanghai →<i>not discussed due to time constraints</i> • AGM 27 June preparations →<i>not discussed due to time constraints</i> • Proposal for next SGM at the meetings of FIA Chicago (16-18 Oct 2018) →<i>not discussed due to time constraints</i> • Mikio Hinoide (JSCC), thanked the Exco and CCP12 as he will be continuing to another role at JSCC.. He introduced his successor for CCP12 efforts, Mr. Daisuke Miyauchi of JSCC. The Exco thanked Mikio for his service at CCP12. 	<p>MZ</p>

6.1 New Follow-ups	By	Deadline
CCP12 Office will prepare a business & fund location plan for received funds	MZ, CCP12 Office	18 April
Working group will be organized to further explore a possible combination of EACH & CCP12	LB, MZ	18 April
6.2 Open Follow-ups from recent calls		
The OWC to form a sub-committee on Cyber Security	OWC	18 April
GARP to be added on the AGM discussion list	MZ, DTCC	SGM Oct
Update on the discussed statistical bulletin proposal on the PQD data	TF	18 April
CCP12 SGM alongside FIA EXPO Week in Chicago will take place on Thursday 18 October 2018	MZ, chairs	Completed
Invoices have been sent to members, target payment date Jan 31, 2018	All members	completed
CCP12 will re-send SGM minutes due to minor editorial changes have been made	MZ	completed
Draft survey on CCP Access to Central Bank Liquidity to be discussed with PWC chairs	MZ	completed
PSG in Frankfurt on the 22 nd of February 2018: participants asked to contact CCP12 Office. Teo Floor can arrange a dinner for participants on 21 st Feb.	MZ, TF	completed
Position on MRAC Auction papers to be discussed by RWC.	AN, DM	completed
ESMA consultation on draft guidelines on Anti-Procyclicality Margin Measures for CCP's to be discussed in next RWC call	AN, DM	completed
The PWC to take on EMIR 2	PWC	completed
PSG update and Klaus Loeber meeting update	MZ	completed