

EXCO
Meeting Minutes
18 July 2018

Attendees:

- Agnes Koh (AK), SGX
- Daisuke Miyauchi (DM), JSCC
- Julien Jardelot (JJ, On behalf of Roger Nolan), LSEG
- Kausick Saha (KS),
- Ketan Patel (KP), HKEX
- Kevin McClear (KM), ICE
- Lee Betsill (LB), CME
- Marcus Zickwolff (MZ), CCP12
- Slawomir Panasiuk (SP), KDPW
- Timothy Cuddihy (TC), DTCC
- Zhen Xu (ZX), SHCH

Other attendees:

- Andy Ni (AN), SHCH
- Elaine Tang (ET), SGX
- Nadine Pique (NaPi), CCP12
- Nora Pelamo (NP), CCP12
- Robert Taylor (RT), CME

Excused:

- Dale Michaels (DM), OCC
- Erica Brown (EB), NASDAQ
- George Kormas (GK), TMX
- Teo Floor (TF), Eurex

Absent:

- Piyush Chourasia (PC), ICCL

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1. Recap of the Symposium and the AGM	Presenter
<p>Due to the new ExCo and chairs having been elected in the AGM in June, the new selected Chairman for CCP12 Mr. Zhen Xu (SHCH) gave his opening remarks by thanking everyone for participating at the meeting and expressing his desire to lead the association forward in good spirit.</p> <p>MZ also expressed his thanks to LB after serving as a chairman until June 2018. It was also informed by MZ that the AGM Meeting Minutes will be sent out by the end of the week and he mentioned that the Working Committee session held the day after the AGM was very successful and it would be useful to organize further sessions in conjunction of the SGM in October. LB agreed. No other objections were heard.</p>	ZX, MZ

2. Working Committee Structure and Chairs	Presenter
<p>MZ recapped the previously sent agenda item to proceed with the re-selection of chairs for the Working Committees:</p> <p><i>ExCo Agenda for July 2018, item 2.</i></p> <p><i>(i) In addition to the current risk, policy and operation working committees, PQD shall become an independent standing working committee due to future ongoing workload.</i></p> <p><i>(ii) As terms of current working committee chairs expire (we agreed on a one year term), we should reflect current work and discuss some basic rules for the chairs & committees. It is proposed that chairs of working committees serve for a 2 year term. Members/individuals who have strong research ability and industry influence, while actively participating in CCP12 work shall be encouraged to lead working committees. In principle one institution shall hold no more than two positions in the office bearers and the working committees, with appropriate breakthrough according to the actual need; as far as is practical the working committee chairs should reflect the geographical/regional composition of the Association. Committees should do calls on a monthly, at least bi-monthly base and report back to ExCo.</i></p> <p><i>(iii) Probably we should call for nominations of chairs of each working committee. Currently some representatives from all committees have expressed their willingness for co-chairs. Please submit nominations now and we shall have agreement at the August ExCo.</i></p> <p>AN supported the idea of an separate PQDWC as due to the PQD Bulletin being released, the workload will be increasing as well. LB and KM also agreed. AN also nominated himself as a chair for the PQDWC and informed that he will send out a formal email to officially nominate himself.</p>	MZ, ALL

<p>MZ confirmed having received already a few nominations and requested if there were any other nominees. The nominees so far are:</p> <ul style="list-style-type: none"> ❖ Ryan Ingram, HKEX -PWC ❖ Julien Jardelot, LSEG - PWC ❖ Robert Taylor, CME - PWC <ul style="list-style-type: none"> ❖ Dale Michaels, OCC - RWC ❖ Ketan Patel, HKEX – RWC <ul style="list-style-type: none"> ❖ Ashwini Panse – OWC ❖ Lee Betsill - OWC <ul style="list-style-type: none"> ❖ Andy Ni – PQDWG ❖ Elaine Tang - PQDWG <p>LB: KS and KP requested whether we were to decide the nominations now or will we be contacting the membership and discussing it again in August. MZ confirmed that we will be sending an email to the membership with the nominations received so far and discuss this further in August. It was also agreed to aim to have 3 co-chairs in each committee from different continents, if applicable.</p>	
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<h3>3. Updates on the Secondment Programme</h3>	Presenter
<p>MZ informed that the CCP12 office had held a meeting with the legal team to clarify the guidelines and visa issues. No showstoppers identified yet, but official updates will be provided soon. So far it seems that the business visa will be the best option, however some clarifications are still needed. Furthermore two members (CME & EUREX) already indicated to have suitable candidate, however members are encouraged to hand in further nominations. Members who have already nominated someone are asked to proceed with internal policy checks with the respective HR-Department to make sure that there are no issues. Applications can then officially be handed in. MZ also reminded that the Secondment Guidelines have to be officially accepted. This should probably take place in the next ExCo call.</p>	MZ

<h3>4. CCP12 work plan (for the working committees – possible assignment to secondments or consultants to be considered)</h3>	Presenter
<p>MZ then referred to the work plan approved in the AGM and sought for clarifications from the ExCo to proceed with the following items:</p> <p>i. PQD Bulletin Currently it is planned to provide Q4/2017 figures for the dry run and Q1/2018 figures for the actual release. RT informed that the presented document will be</p>	MZ

used for the dry run, which is for members only. Also some logos were updated. The current date for the release of the dry run is 31st of July. A small working group call is organized for next week to polish and to add finishing touches on the bulletin.

ii. Comparison of bilateral clearing and central clearing

MZ requested if hiring a consultancy company would be beneficial on this subject. TC was concerned whether consultancy companies would be independent. Furthermore it should be ensured that CCP12 is the owner of the paper and the copyright. MZ echoed this point as well and emphasized that it would important for CCP12 to add our own stance on such a paper.

TC also suggested looking into US based 'treasury market practice group' that released an analysis on 'cleared vs. uncleared'. TC promised to circulate the document.

iii. Incentives for central clearing (consultation expected end of July/early August)

A report of the FSB on incentives for central clearing will be published soon based on a survey already answered. However as there is currently no work ongoing in regards to bilateral clearing, MZ proposed to prepare a paper.

AN added it would be very interesting to have more insights on this topic as the paper could also be passed on to clients and regulators.

It was agreed to first have a look into the FSB release. MZ will also provide further information and prepare a request for proposal including quotes on items 4.ii and 4.iii, which shall be discussed again with the ExCo. LB supported to ask for quotes on consultants.

KM also reminded on being clear what CCP12 is asking on this proposal: Shall it be emphasized that central clearing reduces systemic risk or shall bilateral clearing be incentivized.

MZ assured that main point being that there is no current study regarding the bilateral side, therefore we want to complete that picture. However, the defining how to shape this idea can be done and ExCo will be approached accordingly.

iv. Cross boarder recognition of CCP's

Due to the difficulty of the subject, it was agreed to pursue this among the secondees and further await the upcoming publication from the FSB on the subject.

JJ informed that there might a publication or a global map available by the FSB which would be good to look into.

v. DMP auctions (workshop invitation by BIS for 13 Sep)

MZ informed that CCP12 has received an invitation for two representatives to join the DMP auctions workshop by BIS in Basel and asked who would be interested to participate. AK confirmed that this event has limited seating as they have only invited associations so far. In a larger event afterwards also clearing houses will be invited separately. LB volunteered to accompany MZ. MZ will reach out to EACH in order to coordinate the participants. Furthermore it was agreed that talking points will be discussed in advance.

<p>vi. The practical status of CCP liquidity provisions from central banks at various jurisdictions MZ informed that this item has currently a low priority and would be a good topic for a secondee in the near future.</p> <p>vii. Interconnectedness of Clearing (Invitation by Kay Swinburne to organize an event in Brussels - later 2018) MZ informed that Kay Swinburne approached CCP12 for further collaboration. Due to the presentation held by Kimmo Soramaki at the Shanghai Symposium it was proposed to organize a panel event in Brussels (co-hosted by Kay Swinburne and CCP12) in late November (third week of the month). The initial plan would comprehend a one or two keynote speeches and a panel. Kimmo Soramaki was suggested as a keynote speaker. KP and LB opposed Kimmo Soramaki as a speaker as they did not see much value in his presentation held at the Shanghai Symposium. Moreover the scheduled timing clashes with the US holiday of Thanksgiving, thus it is unclear how many US based members would be present. MZ assured that the audience would not consist only of MEP assistants, but also of lobbyists and consultants etc. JJ also reminded that within 6 months from this event, the EU participants might be significantly different and the new participants might not be aware of the subject. MZ assured that CCP12 is planning another event on educating the new MEPs and their assistants on clearing probably in the beginning of next year. KM was cautious regarding the topic of the event as clearing minimizes systemic risk, therefore the effect on interconnectedness or the risk thereof, does not exist. KM also pointed out that it might be of value to present 'how CCPs manage risk' as a keynote. MZ summarized that we cannot ignore the discussion on interconnectedness. Therefore a good approach could be to firstly get a key note on the interconnectedness findings and secondly follow up with a key note, how CCPs mitigate interconnectedness risks. It was then agreed to enhance the topics and reshape the event. An enhanced plan will be discussed again in the ExCo.</p> <p>viii. CCP financial recourses under resolution (consultation expected end of year) MZ informed this on the working list for the PWC.</p> <p>ix. Cyber-FSB publicly consults on Cyber Lexicon RT explained that the WFE and FIA have similar projects ongoing, therefore more cooperation with WFE or a simple endorsement on the subject might be valuable to consider. LB offered to reach out to WFE.</p>	
<p>5. Communication/Education /Training</p> <p>i. Publication of the PQD Bulletin (release event in Shanghai to be considered) MZ informed, that due to the public release of the PQD, an event to further enhance our efforts may be organized. A subscription box will be available for this as well, which will be added by the newly contracted web-designer.</p>	<p>Presenter</p> <p>MZ</p>

<p>ii. CCP12 Internal Quarterly Newsletter The CCP12 Office distributed the new quarterly newsletter to the membership only and got good acceptance feedback. The CCP12 Office considers to provide a more generalized version of the news for a public distribution. However, e.g. reports of bilateral meetings with regulators have to be excluded from a public newsletter.</p> <p>iii. Educational videos on clearing for the CCP12 webpage This is an idea suggested at the AGM and will be further worked upon. The ExCo will be updated later.</p> <p>iv. CCP12 internal workshops (in conjunction with other events, e.g. after SGM Chicago, after FIA ASIA) MZ continued that the working committee sessions after the AGM seemed to have added a great value to the members, therefore further arrangements of such events will be planned forward.</p>	
<p>6. AOB</p> <p>i. Hiring Process for a Senior Policy Officer Started MZ informed that the first interview has been set up for this Friday and that nominee(s) for this position are currently being recruited.</p> <p>ii. Update on unpaid fees for 2018 NCCPL has not paid the membership fee for 2018 yet. ZX volunteered to approach them.</p> <p>iii. Update on Acquisition of new members MZ shared that the CCP12 Office has been approached by an exchange, wishing to become an observer member. As our AoA are compliant with this nominations, the ExCo will be updated accordingly if the case will be taken forward.</p> <p>iv. New Exco Conference call line from August onwards MZ reminded everyone that the SHCH conference call line will be taken over. New dail-in details will be provided. MZ thanked Lee for providing the conference call line in the past years.</p> <p>v. Co-signature by CCP12 of a SLR-letter to ECB and DNB drafted by Optiver KP approached ExCo with the intended letter by Optiver. The ExCo wished to read the drafted letter to see if CCP12 prepares a support letter for the cause as SLR is one of the most important topics to cover. It was agreed that KP will provide the draft text for circulation. It shall be looked at carefully and shall be ensured that it matches the CCP12 view.</p>	<p>Presenter MZ, KP</p>

7.1 New Follow-ups	By	Deadline
Information on the current Working Committees and Chair nominations to be send to the membership	MZ	20 Jul
Information on the Secondment Programme nominations to be send to the membership	MZ	20 Jul
PQD Bulletin release of dry run	PQDWC	31 Jul
Further assessment on the approach to ' <i>Comparison of Bilateral clearing and central clearing</i> ' to prepared	MZ	31 Jul
DMP Auctions work shop by BIS (two CCP12 attendees invited), talking points to Exco in advance	MZ, LB	13 Sep
Interconnectedness of Clearing (Invitation by Kay Swinburne to organize an event in Brussels), outline for ExCo	MZ, Napi	15 Aug
Cyber-FSB publicly consults on Cyber Lexicon : further contact to WFE needed	LB	15 Aug
Draft to be circulated on the Co-signing of a letter provided by Optiver on SLR	KP	15 Aug
Follow up on the unpaid membership fee from NCCPL to continue	ZX	15 Aug
7.2 Open Follow-ups from recent calls		
GARP to be added on the SGM discussion list in October	MZ, DTCC	15 Aug
7.3 Completed items		
Draft letter to CPMI-IOSCO on Level 3 Assessment Publication	LB	Suspended for next release
Paper on Cross Jurisdictional CCP Recognition Efforts	PWC	Pending for secondees
CCP12 Office will prepare a business & fund location plan for received funds→ budget/workplan approved at AGM?	MZ, CCP12 office	Completed
Letter to US Banking Regulators on SLR to be send out: liaise with EACH on co-signing	CCP12 office	Completed
Default management email list to be updated	CCP12 office	Completed
Special Exco call on CCP12/EACH combination	ExCo	Completed
Call for ExCo nominations for the upcoming AGM	CCP12 members	Completed

Preparation of meeting with FSB on CCP financial resources for resolution (7 June) for approval by ExCo	JJ, LB, MZ, RI, TF	Completed
Secondment program to be published to the members prior to the AGM	MZ, CCP12 office	Completed
Update on the discussed statistical bulletin proposal on the PQD data	PQDWG	Completed