

EXCO
Meeting Minutes
19 September 2018

Attendees:

- Daisuke Miyauchi (DM), JSCC
- Dale Michaels (DM), OCC
- Erica Brown (EB), NASDAQ
- George Kormas (GK), TMX
- Kausick Saha (KS)
- Ketan Patel (KP), HKEX
- Lee Betsill (LB), CME
- Marcus Zickwolff (MZ), CCP12
- Slawomir Panasiuk (SP), KDPW
- Roger Nolan (RN)
- Teo Floor (TF), Eurex
- Timothy Cuddihy (TC), DTCC
- Zhen Xu (ZX), SHCH

Other attendees:

- Andy Ni (AN), SHCH
- Ashwini Panse (AP), ICE
- Elaine Tang (ET), SGX
- Karolina Ziolkowska (KZ), KDPW
- Nadine Pique (NaPi), CCP12
- Nora Pelamo (NP), CCP12
- Robert Taylor (RT), CME
- Ryan Ingram (RI), HKEX

Excused:

- Agnes Koh (AK), SGX
- Kevin McClear (KM), ICE
- Zhen Xu (ZX), SHCH

Absent:

- Piyush Chourasia (PC), ICCL

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1. Approval of Minutes from August	Presenter
ExCo meeting minutes from August were approved.	MZ

2. Working Committees	Presenter
<p>2.1 Joint working committee session planned for Friday 19 Oct in Chicago A preparation call with all working committee co-chairs took place on 17 Sep. After the call, Amir Khwaja, CEO from ClarusFT informed MZ, that he will attend the FIA Expo as a speaker and could also come to the CCP12 meetings. Therefore it is proposed to consider the following agenda for the Working Committee Session on Friday 19 Oct:</p> <ul style="list-style-type: none"> ❖ 09:00-09:45 Brainstorming with ClarusFT on the white paper on cleared and bilateral traded OTC derivatives ❖ 09:50-10:20 Parallel breakout sessions for each Working Committee to discuss future committee roadmaps ❖ 10:20-10:40 Presentation of roadmaps to the plenary ❖ Coffee break ❖ 11:00-12:00 Discussion with Chicago FED experts <p>For Thursday ClarusFT will be invited for a 30min presentation and discussion at the start of the SGM (14:40-15:10).</p> <p>ExCo approved the revised agendas and they will be send out to the membership.</p> <p>2.2 Updates from OWC KM attended a roundtable meeting organized by CPMI-IOSCO on cyber risk in Paris on 14 September A debrief will be given at the SGM.</p> <p>2.3 Updates on PQDWG The release of the first bulletin was executed on 28 Aug (CCP12 internal) and 30 Aug (public). The work on the long version is ongoing. The WC call had to be rescheduled from 20 Sep to 27 Sep due to a conflict with the call by Nasdaq on the clearing member default.</p> <p>2.4 Updates from PWC Incentives for Central Clearing (Consultation by the FSB/BSBC DAT due 7 Sep) Response was submitted on 07 Sep to FSB and BCBS.</p> <p>Meeting with FSB on 14 Sep (Attendees CCP12: Teo Floor (ECAG), Emily Hendrix (CME), Nicholas Lincoln (LCH Ltd), Zhu Jia (SHCH), Jia Fan (SHCH), Xu Zhen (SHCH), Marcus Zickwolff (CCP12)) MZ reported, that the importance of central clearing is understood and there is an awareness on the concerns in regards to the Leverage Ratio. There is an intention to influence the regulation, however a timeline was not given.</p> <p>On Resolution a consultation will be send out at the end of 2018 for comments by Jan/Feb 2019. An industry roundtable meeting by CPMI-IOSCO is scheduled for 29 January 2019 in Madrid.</p>	MZ, ALL

In regards to the FSB study on interconnectedness, MZ reported, that FSB confirmed in the new study not many changes/new information in comparison to the former one could be presented. Another follow-up study can be expected for 2020, but this is not decided yet.

The FSB informed that for 2019 stress testing will be added to the work plan. An update of the work plan will be provided at year end.

RI reported on an ISDA lobby effort on the SLR, to which CCP12 may contribute or prepare a support letter.

2.5 Updates from RWC

DMP Auctions with BIS on 13 Sep (Attendees CCP: Dale Michaels (OCC), Kevin McClear (ICE), Nicholas Lincoln (LSEG), Sergey Arefiev (CME), Jia Zhu (SHCH), Marcus Zickwolff (CCP12))

DM reported from the meeting at which 5 Clearing Members, 5 CCPs and approximately 20 regulators were present. The buy-side was not invited. The CMs and CCPs were in most points aligned, in only a few the views varied e.g. on minimum bids. Especially on the best practices and the porting of customers, additional guidance was sought by the regulators.

TF reported on a bilateral conversation with Daniela Russo and the unlikelihood of a regulation on this topic. Industry set standards is likely to be more promoted.

Consideration of response on FED PRC / JPM IM paper

The recently published paper of the FED PRC was discussed as well as the paper by JPM on Initial Margin. As there are some inaccuracies in the paper, DM, LB and TF considered to draft a response.

Proposal for a CCP12 fire drill workshop in Singapore on 30 Nov

The outline was exchanged with and approved by the RWC Co-Chairs. 16 places are available (1-2 participants per member) and it can be repeated also in other time zones. MZ mentioned this also in the DMP Auctions meeting and the regulators were very interested in this workshop. Therefore it can also be offered to regulatory authorities in the future, however firstly the members shall be invited.

3. Updates on the Growth Plan	Presenter
<p>3.1 Secondment programme</p> <p>3.1.1 First secondment Peter Linss (PL) from Eurex Clearing PL is currently for an orientation week in Shanghai and his term will start on 08 Oct. MZ proposes that he works on the whitepaper with ClarusFT as well as on the initial margin paper from JPMorgan The ExCo had no objections on the intended work plan.</p> <p>3.1.2 Further applicants Further applicants are welcome.</p>	MZ

3.2 Conferences

3.2.1 18 Oct SGM

The room at the Hilton Chicago is booked and the meeting materials are in preparation. The draft agenda with the above mentioned change on the introduction of ClarusFT was approved by the ExCo and will be circulated to the membership. In accordance with TC, GARP will be included in one of the next AGMs.

In regards to the budget for 2019 a budget proposal was circulated to the ExCo at which is proposed to proceed with the current budget and membership fee set up. Further comments can also be provided to MZ bilaterally by 25 Sep. It will then be circulated to the membership.

For 2020 the membership fee model has to be revised. MZ will provide a proposal for discussion with ExCo in Q2/2019.

3.2.2 19 Oct internal CCP12 working committee workshop, room at Hilton Chicago booked

3.2.3 05 Nov (planned) Release of the PQD bulletin long version, Shanghai

3.2.4 2019 AGM

It is proposed to have the AGM in 2019 in London in June in conjunction with IDX. However as the timing might be too late, it was also proposed to combine it with the CPMI-IOSCO Session on Resolution in Madrid. Furthermore it was advised to organize a panel and invite regulators for a discussion in conjunction with the AGM.

The 2019 Symposium on OTC Derivatives will take place again in Shanghai end of June.

The preparations for the 2019 SGM in autumn has not yet started.

3.3 Association management support/consultancy

3.3.1 Position paper on Incentives for central clearing and non-clearing

The RfP resulted in decision to go forward with ClarusFT and the budget request for the white paper is 92k \$ (plus tax and expenses). As currently the remaining budget on consultancy for 2018 is 76k \$, it is proposed to shift not needed budget from training (40k \$), conferences (30k \$) and secondment program (34k \$) to consultancy.

The contract with ClarusFT is currently prepared.

3.4 Training and education

See 2.5.

3.5 Research on PQD and Update PQD Bulletin

Covered by PQDWC for the time being.

3.6 Web-site improvements

First release of improvements launched.

3.7 Staffing of CCP12 office

It is proposed to hire candidate Tyler Cain as Chief Legal Officer / Senior Policy Advisor, who could start on 03 Dec.

The recruitment process for assistance staff (replacement NP) has started.

4. AOB	Presenter
<p>4.1 Deadline for unpaid membership fee 2018 by NCCPL MZ and ZX approached NCCPL several times and reminded them of the outstanding membership fee for 2018. Due to the blockage of capital transfers, NCCPL is currently unable to transfer the fee. The ExCo agreed, that the membership will be ceased by end of 2018 (if no payment has been made). NCCPL will be informed of this.</p> <p>4.2 Farewell Nora MZ and all participants thanked Nora for her work and dedication and wished her all the best for the future. Nora thanked all ExCo members for their support.</p>	MZ

5. Follow up		
5.1 New items	By	Deadline
Finalize contract with ClarusFT and start on whitepaper	CCP12 Office	30 Sep
Prepare support letter on ISDA lobby effort	MZ	18 Oct
Prepare CCP12 fire drill workshop	NaPi	30 Nov
5.2 Open items from recent calls	By	Deadline
Prepare SGM and WC Session	CCP12 Office	18 Oct
Release of web page improvements	CCP12 Office	21 Nov
Staffing of CCP12 Office – fill two vacancies	MZ	21 Nov
Follow up on the unpaid membership fee from NCCPL	MZ	31 Dec
5.3 Completed items	By	Deadline
Response on Incentives to centrally clear consultation	PWC	Completed
RfP for White Paper: Set up steering group and inform ExCo	MZ	Completed
Prepare outline for CCP12 fire drill workshop	MZ	Completed
Prepare Budget proposal 2019	MZ	Completed
Send out chairs out of office report	CCP12 Office	Completed
PQD Bulletin (News Flash) release after try run	PQDWC	Completed
DMP Auctions workshop by BIS (two CCP12 attendees invited) talking points to the ExCo in advance	MZ, LB	Completed
GARP to be added on the SGM discussion list in October	MZ, DTCC	Completed
Information on the current Working Committees and Chair nominations to be sent to the membership	MZ	Completed