

Executive Committee
Conference call - Meeting Minutes

November 21, 2018

Attendees	Other Attendees
Agnes Koh (AK), SGX	Emily Hendrix (EH), CME
Dale Michaels (DM), OCC	Nadine Pique (NP), CCP12
George Kormas (GK), TMX	
Ketan Patel (KP), HKEX	
Kevin McClear (KM), ICE	
Lee Betsill (LB), CME	
Marcus Zickwolff (MZ), CCP12	
Timothy Cuddihy (TC), DTCC	
Andy Ni (AN), SHCH	
Excused	Absent
Erica Brown (EB), NASDAQ	Daisuke Miyauchi (DM), JSCC
Slawomir Panasiuk (SP), KDPW	Kausick Saha (KS), CCIL
Roger Nolan (RN), LSEG	Piyush Chourasia (PC), ICCL
Teo Floor (TF), Eurex	
Zhen Xu (ZX), SHCH	

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<p>1. Approval of Minutes from September</p>	<p>Presenter</p>
<p>ExCo meeting minutes from September were approved.</p>	<p>MZ</p>
<p>2. Working Committees</p>	<p>Presenter</p>
<p>2.1 Updates from OWC LB informed, that the Cyber Lexicon was published by the FSB (http://www.fsb.org/2018/11/cyber-lexicon/).</p> <p>2.2 Updates on PQDWG AN informed, that on 29 Oct the PQD Newsflash for Q2/2018 and on 14 Nov the PQD Newsletter for Q2/2018 was published. The PQD Newsletter was also announced with a press release, which was picked up by Mondovisione.</p> <p>2.3 Updates from PWC A PWC Conference Call was held on 15 Nov.</p> <p>BCBS Consultation on SLR (https://www.bis.org/bcbs/publ/d451.pdf - response due by 16 Jan) Some ExCo members advocated to cooperate with FIA or ISDA on a joint paper / response on this topic, in order to be better positioned. However others ExCo members advised to assess the messages provided by ISDA thoroughly before publication. The PWC will discuss the consultation and a CCP12 response.</p> <p>FSB discussion paper: “Financial resources to support CCP resolution and the treatment of CCP equity in resolution” (http://www.fsb.org/2018/11/fsb-publishes-2018-resolution-report-and-publicly-consults-on-financial-resources-to-support-ccp-resolution/ - response due by 01 Feb) The PWC will discuss the consultation and will draft a CCP12 response.</p> <p>BCBS/DAT Final Report on Incentives to Centrally Clear (http://www.fsb.org/2018/11/incentives-to-centrally-clear-over-the-counter-otc-derivatives-2/) The final DAT on 19 Nov. LB informed the ExCo members on the recently published Article by ClarusFT in risk.net (https://www.clarusft.com/swaps-data-cleared-vs-non-cleared-margin/), which has the same theme as the white paper, which ClarusFT is working upon for CCP12.</p> <p>LB informed, that a CFTC MRAC Meeting on CCP risk topics will take place on 4 Dec. LB and DM are invited to speak at the panel. Furthermore the ExCo was informed, that FIA is currently preparing a paper on CCP risk and that the FSB will publish a consultation on this topic too. In order to discuss the panels as well as the papers, LB will set up a conference call for the 30 Nov.</p> <p>2.4 Updates from RWC A RWC Conference Call was held on 13 Nov.</p>	<p>MZ, ALL</p>

<p>CPMI-IOSCO questionnaire on auctions (response due by 03 Dec) As a follow up on the CCP default management industry session in Basel on 13th of September 2018, the PSG has developed a set of questions, to further the understanding of the current practices in the area of default auctions. All members are asked to respond to this questionnaire by 03 Dec.</p> <p>CCP12 White Paper on Initial Margin (to be published in the week of 26 Nov) The work on the CCP12 white paper on Initial Margin is currently ongoing and a nearly final draft version will be circulated to the ExCo and the RWC for comments by 23 Nov. The paper shall be published early in the week of 26 Nov.</p>	
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3. Updates on the Growth Plan	Presenter
<p><u>3.1 Proposal for Developing a CCP12 Financial Optimization Plan</u> MZ reported, that the preparation of the fee collection 2019 has started and members, who did not pay a mark-up in 2018 were approached, whether they can pay a mark-up in 2019. NCC agreed to pay the mark-up. MZ will follow up on this topic with the outstanding members in the next week. The invoices for 2019 will be sent out early December for payment until end of Jan 2019.</p> <p>MZ reported, from 2019, more value-added services will be offered to members, including: to recruit more senior policy personnel to support regulatory responses and industry advocacies; to continue secondment programs; to organize fire drill workshops; to host the central bank OTC Symposium, etc. All the above will showcase CCP12's value to members, and, at the same time, increase the association's expenses.</p> <p>MZ further reported, after nearly two years, the current financial status of CCP12 seems to be in good shape. In the next three to five years, however, it is not sustainable and may experience deficit:</p> <ul style="list-style-type: none"> - From expenses perspective, in 2017-2018, there was almost no program/project expenses. From 2019, the program expenses will greatly increase year over year; - From income perspective, we relied on membership fees and other external subsidies in the past two years and lacks sustainable business income. Unless we can secure perpetual external subsidies, CCP12 needs a breakthrough in business income, and optimize membership fee structure and increase membership fee income, in order to maintain the high level of service for members. <p>MZ reported, it is good timing to plan for business income and consider the membership fee restructure. The increased income will go to visible projects/services. A financial optimization plan to ensure sustainable funding of CCP12 will be developed. A plan will be prepared and will be presented to the ExCo for discussion at the next ExCo Call. The plan is scheduled to be decided at the AGM in Jun 2019.</p> <p><u>3.2 Secondment programme</u> PL is very engaged with the white paper (ClarusFT) and supports the association very well. His experience in Shanghai is also very positive.</p>	<p>MZ</p>

CME is currently in negotiation and NCC also indicated a big interest to send secondees to Shanghai. Further applicants for the secondment programme are highly welcome and MZ looks forward to explain the programme to other interested CCPs in more detail bilaterally.

3.3 Conferences

27 February 2019 - CCP conference by ECB, Bundesbank & Chicago FED

MZ informed, that CCP12 members will be invited to the conference. Invitations were not yet sent out. MZ will wait another week, will then follow up and will keep the ExCo informed. The topics for the panels are currently still being decided, but topics like harmonization of regulation, other CCP risk topics or CCP resolution can be expected.

06 June CCP12 AGM London, Host LSEG

The AGM will take place after the IDX in London. MZ proposed to "go back to our roots" and have a full day meeting, with panel sessions in the morning and the administrative part of the AGM in the afternoon following. No objections were raised and it was proposed to approach regulators and other guest speakers (Mark Manning or David Bailey). A draft agenda will be prepared and will be presented to the ExCo for discussion at the next ExCo call. Speakers shall be approached before Christmas.

25 June 3rd symposium on OTC derivatives, Beijing or Shanghai

AN informed, that SHCH received the confirmation from PBoC and Chicago FED to hold the conference on 25 Jun. The location (Beijing or Shanghai) is currently being decided upon. Due to the AGM in early June, it can be expected that not many CCP12 members will be willing to travel again. Nevertheless the symposium should be strongly supported by CCP12 members, therefore it is planned to hold another fire drill workshop on the 26 Jun.

Q3/4 CCP12 SGM in Asia?

It is envisaged, to hold the SGM in Japan in conjunction with the G20 Meeting. MZ did already approach DM and he will discuss this internally and will come back to MZ.

3.4 Association management support/consultancy

Position paper on Incentives for central clearing and non-clearing

MZ reported, that the work on the white paper is ongoing. The case studies have been discussed and revised with the respective CCPs and will be circulated to the Editorial Board by 23 Nov for feedback.

In regards to the direction of the white paper, MZ proposed 2 options to go forward with:

- a) The paper can provide a neutral overview on the development of clearing incentives and provide examples where clearing has taken up (follow the DAT approach).
- b) Showcase the advantages of clearing over bilateral, including practical examples (case studies).

The ExCo voted for option b). MZ will inform the project team accordingly.

3.5 Training and education

Pilot CCP12 fire drill workshop on 30 Nov – is currently prepared

<p>More workshops to be scheduled in 2019: 28 Feb CCP12 fire drill workshop, Frankfurt (day after Central bank CCP conference) 26 Jun CCP12 fire drill training, Beijing or Shanghai (day after 3rd symposium on OTC derivatives) 01 Nov CCP12 fire drill training, Chicago (day after FIA Expo)</p> <p>Questioned about the possibility as a revenue opportunity, MZ reported, that the workshops shall primarily be for CCP12 members (for free), but other interest persons can also be invited to register (paid for).</p> <p><u>3.6 Research on PQD and Update PQD Bulletin</u> MZ reported on the plan to migrate the PQD database to the CCP12 office and proposed either to mandate a service provider to update the PQD database and to draft Newsflash and Newsletter or to do it within the CCP12 office. ExCo voted to do it within the CCP12 office, as not all PQD data, which are included in our publications, are also publicly available to non-CCP12 members.</p> <p><u>3.7 Web-site improvements</u> Work on new improvements ongoing.</p> <p><u>3.8 Staffing of CCP12 office</u> MZ reported, that Tyler Cain as Chief Legal Officer / Senior Policy Advisor will start on 26 Nov, as the visa application board has accepted our request. He will however not be able to go to Singapore for the FIA, due to the tight timeline. KP however invited him to Hong Kong for training purposes in December 2018.</p> <p>Also the recruitment process for assistance staff was successful and Veronika Razianova will start on 3 Dec. Now all administrative tasks have to be done.</p>	
<p>4. AOB</p> <p><u>4.1 SGM Minutes Deadline for unpaid membership fee 2018 by NCCPL</u> MZ reported, that no comments on the minutes were received and that they will now be circulated to the membership. They will be finally decided upon at the next AG.</p> <p><u>4.2 Proposal to move next ExCo call from 19 Dec to 12 Dec</u> It was agreed to move the upcoming ExCo Call to 12 Dec.</p> <p><u>4.3 Year 2018 report</u> KP asked, whether a year 2018 report (incl. all news and improvements) will be prepared and published (also externally). MZ affirmed that a CCP12 internal newsletter will be prepared and also an external report can be published in early Jan 2019.</p>	<p>Presenter MZ, ALL</p>
<p>5. Calendar</p> <p>26 Nov Start Tyler Cain at CCP12 office 28&29 Nov FIA Asia, Singapore 30 Nov CCP12 fire drill workshop, Singapore</p>	

03 Dec Due date PSG questionnaire on auctions
 03 Dec Start Veronika Razianova at CCP12 office
 16 Jan Due date BCBS on client clearing
 29 Jan FSB Industry roundtable on resolution, Madrid
 01 Feb Due date FSB CCP resolution
 ?? Feb PSG Industry session on client clearing, New York
 27 Feb Central bank CCP conference, Frankfurt
 28 Feb CCP12 fire drill workshop, Frankfurt (planned)
 04&05 Jun FIA IDX, London
 06 Jun AGM CCP12, London
 25 Jun 3rd symposium on OTC derivatives, Beijing or Shanghai
 26 Jun CCP12 fire drill training, Beijing or Shanghai (planned)
 ?? Oct Bund financial summit, Shanghai
 29 Oct Chicago FED CCP conference, Chicago
 30-31 Oct FIA Expo, Chicago
 01 Nov CCP12 fire drill training, Chicago (planned)
 04&05 Dec FIA Asia, Singapore

6. Follow up		
6.1 New items	By	Deadline
Circulate SGM Minutes to all members	Office	asap
Reschedule ExCo Call	LB	asap
Hand in comments on CCP12 White Paper on Initial Margin	ExCo, RWC	23 Nov
Publish CCP12 White Paper on Initial Margin	Office	27 Nov
Set up call for discussion on CFTC Meeting and FSB/FIA papers	LB	30 Nov
Respond to CPMI-IOSCO questionnaire on auctions	All	03 Dec
Develop a CCP12 Financial Optimization Plan	Office	12 Dec
Draft CCP12 AGM Agenda (London, 06 Jun)	Office	12 Dec
Send out membership fee invoices for 2019	Office	12 Dec
Follow up with BuBa on CCP conference in Frankfurt	MZ	12 Dec
Review and finalize white paper on Incentives for central clearing and non-clearing	All	12 Dec
Draft & publish Q4 Newsletter	Office	17 Dec
Migrate PQD database to CCP12 office	Eurex/ Office	31 Dec
PWC will discuss the BCBS consultation on SLR and draft a CCP12 response	PWC	16 Jan
Draft & publish 2018 report	Office	16 Jan
PWC will discuss the FSB consultation on CCP resolution and draft a CCP12 response	PWC	01 Feb
Set up / organize further fire drill workshops	Office	ongoing
Determine date and location for next SGM 2nd half of 2019	MZ	ongoing
6.2 Open items from recent calls	By	Deadline
Prepare CCP12 fire drill workshop Singapore	NP	30 Nov
Release of web page improvements	Office	12 Dec

Follow up on the unpaid membership fee from NCCPL	MZ	31 Dec
Prepare support letter on ISDA lobby effort on BCBS consultation on SLR	MZ	16 Jan
6.3 Completed items	By	Deadline
Finalize contract with ClarusFT and start on whitepaper	Office	Completed
Prepare SGM and WC Session	Office	Completed
Staffing of CCP12 Office – fill two vacancies	MZ	Completed