

CCP12

2018 REPORT

JANUARY 2019



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CEO Note

Dear Reader,

Welcome to the first annual report of the Global Association of Central Counterparties also known as “CCP12”. We are delighted that you take the time to focus on our news and we sincerely hope that the information provided is useful to understand the work of our association.

CCP12 was officially founded in 2017 and since then has significantly increased its important position as the Global Association of Central Counterparties. This was only possible because of our committed members. Due to the continuous support and expertise of our members, we can enhance CCP12’s position in the world of industry associations and ensure that the voice of global CCPs are recognized.

We look forward to 2019 and hope that the year will be as remarkable as the last years. We have a full work plan and many ideas and projects in the pipeline. So, keep an eye on www.ccp12.org.

If you happen to have any questions, or would like to receive more information about CCP12 and its work, or are interested in joining the Global Association of Central Counterparties, please don’t hesitate to contact office@ccp12global.com. We look forward to hear from you!

Best Regards,

Marcus



*Marcus Zickwo!ff,
CEO CCP12*

Events 2018

Second Symposium on OTC Derivatives (Shanghai, 26th of June)

Co-sponsored by the People's Bank of China and the Federal Reserve Bank of Chicago and hosted by CCP12, the Symposium on OTC Derivatives promotes policy developments and explores industry best practices for the clearing industry.

Annual General Meeting 2018 (Shanghai, 27th of June)

At the AGM, CCP12 members agreed on a new membership application, the work plan for the remaining year, elected a new Executive Committee and discussed regulatory initiatives.

Special General Meeting 2018 (Chicago, 18th of October)

At the SGM, CCP12 members agreed on the work plan for the next year and discussed regulatory initiatives and publications.

First CCP12 Fire Drill Workshop (Singapore, 30th of November)

The CCP12 member representatives discussed the various aspects of Risk Management and the CCP Fire Drill.

New members

In 2018 New Zealand Clearing and Depository Corporation Limited joined CCP12 as a Primary Member. CCP12 has now 33 Primary Members and 2 Observer Members encompassing CCPs operating across Africa, the Americas, Asia, Australia and Europe and representing over 50 individual CCPs.

We welcome enquiries to become a part of CCP12 from CCPs for exchange-traded business or OTC markets. All enquiries about joining CCP12 should be directed to the CCP12 Secretariat office at office@ccp12global.com.



“I am very honored to have been elected as the new Chair of CCP12. I thank Mr. Lee Betsill for his excellent work in the past 2 years, in which the association evolved greatly. With the agreed work plan, we have brought several projects on the way, which will increase the importance of CCP12 in the financial industry even more” Mr. Zhen Xu, AGM Shanghai 2018

Publications

The four CCP12 Working Committees have been very productive in the last year. Please find below examples on deliverables.

If you are interested in the full responses or further papers, please click [here](#).

FSB Consultation on Cyber Lexicon

The Operations Working Committee (OWC) monitors and assesses initiatives that concern clearing operations and develops position papers responses to regulatory and industry initiatives on operations subject matters.

CCP12 supports the development of a cyber lexicon in order to have a consistent set of terminology, which considers the shared objectives of managing cybersecurity risk.

CCP12 recommends that definitions selected for terms should not be altered from the original source in order to foster a common understanding of the relevant cyber security and cyber resilience terminology across the global financial sector.

Click [here](#) to read the full CCP12 response.



FSB DAT Consultation on Incentives to Clear

The Policy Working Committee (PWC) addresses policy topics raised by the industry and regulators. It also serves as a platform for information exchange on new and ongoing policy issues.

Incentives to clear exist for most participants, however for some customers and jurisdictions these incentives do not exist or are less pronounced.

Barriers to access clearing by small market participants need to be addressed by looking further into Leverage Ratio requirements under Basel III. Creating appropriate clearing structures (not exemptions to clearing obligation) should be regulators main priority.

Product coverage of the clearing mandates has been extended to consider product liquidity and CCPs ability to manage risks, however further alignment with international jurisdictions is required.

Cross border or jurisdictional deference mechanisms should exist to ensure protection of the global market of OTC derivatives, in line with the G20 commitments.

Click [here](#) to read the full CCP12 response.



PQD Newsflash and PQD Newsletter

The Public Quantitative Disclosure Working Committee (PQDWC) addresses the development and on-going needs of CCPs seeking to meet the requirements of the CPMI-IOSCO Quantitative Disclosure Framework.

In 2018 CCP12 published two editions on the PQD Newsflash as well as the first PQD Newsletter and with this presents a panorama of the CCP industry to market participants, relevant authorities and the broader public. In the PQD Newsletter, Q1 and Q2 2018 PQD data sets published by CCP12 members are grouped both by the region in which the CCP is located, as well as by the underlying asset classes cleared by the CCP. A number of CCP risk management indicators are examined, including Initial Margin Required, Default Fund Required, Collateral Make-Up of the Initial Margin and Default Fund contributions, and Average Daily Variation Margin.

Click [here](#) to read more about the CCP12 results.



CCP12 Primer on Initial Margin – a CCP12 White Paper

The Risk Working Committee (RWC) addresses quantitative, risk-based proposals from regulators. This includes CCP12 on-going work on supervisory stress testing.

On 05 December 2018 CCP12 published “Primer on Initial Margin – A CCP12 White Paper”. The CCP12 White Paper aims to provide background and context on initial margin. It introduces the role and objective of initial margin in the CCP risk management framework, sets out the regulatory expectations on the CCPs’ initial margining framework, discusses the key features of initial margin models and back testing, the primary control performed to monitor the adequacy of the initial margin parameters and initial margin model relative to expected coverage.

Click [here](#) to read the full CCP12 White Paper.



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CCP12 is a global association of 35 members who operate more than 50 individual CCPs globally across EMEA, the Americas and the Asia-Pacific region. CCP12 aims to promote effective, practical and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP12 leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views of its members and seeks to actively engage with regulatory agencies and industry constituents through consultation responses, forum discussions and position papers.



CCP12