

PRESS RELEASE

CCP12 RESPONDS TO

FSB

CONSULTATIVE DOCUMENT

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**CCP12**

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## PRESS RELEASE

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Today CCP12 - The Global Association of Central Counterparties - responds to the consultative document “Guidance on financial resources to support CCP resolution and treatment of CCP equity in resolution” (Guidance) published by the Financial Stability Board (FSB).

CCP12 highly appreciates the opportunity to comment on the Guidance and, in our response, we would like to emphasize the following key points for the FSB’s consideration:

- CCP12 is supportive of a flexible approach that allows each jurisdiction’s resolution authority based on its own legal framework and market singularities to undertake its resolution planning, including evaluating a CCP’s resources for adequacy in resolution.
- CCP12 does not support guidance that contemplates pre-emptively exposing further equity to losses in the name of resolution planning, beyond what is stipulated ex-ante in a CCP’s rulebook and relevant local regulation and legislation.
- CCP12 urges the FSB to avoid undermining the incentives structure of the central clearing model that supports robust CCP risk management practices, default management processes and recovery measures that are already in place.
- CCP12 is concerned that the granular level at which the Guidance has defined scenarios for assessment of a CCP’s equity could conflict with existing standards and the local implementation of such standards.

*“CCPs have established risk management frameworks (consistent with international standards and local laws) that are designed to reduce systemic risk by recovering from the default of their clearing member counterparties in extreme but plausible scenarios. CCP equity (other than a specified limited amount known as skin-in-the-game) is not designed to serve as a financial backstop for the default of its clearing members or for non-default losses that are not caused by the CCP. Changing the treatment of CCP equity by exposing overly large amounts of CCP equity to the default waterfall, writing down the CCP equity that serves as its operating capital, or exposing the entire CCP equity to non-default losses that the CCP does not control, could have negative effects on financial stability,”* said Mr. Kevin McClear, President of ICE Clear U.S. and Chairman of CCP12.

*“CCP12 recognises the usefulness of additional high-level guidance to support the CCPs’ local resolution authorities on the process of resolution planning. However, the FSB Guidance at its current version might pose a threat to the robust framework already established by international policy makers to promote CCP resiliency,”* said Mr. Marcus Zickwolff, CEO of CCP12.

To read the full CCP12 response to the consultative document click [here](#).

## ABOUT CCP12

CCP12 is a global association of 37 members who operate more than 60 individual CCPs globally across Europe, the Middle East, and Africa (EMEA), the Americas, and the Asia-Pacific (APAC) regions.

CCP12's mission is 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, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions and position papers.

For more information please contact the office by e-mail at [office@ccp12global.com](mailto:office@ccp12global.com) or through our website by visiting [www.ccp12.org](http://www.ccp12.org)

## CCP12 MEMBERS

