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# CCP12 BI-ANNUAL NEWSLETTER

## WINTER EDITION



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# CEO NOTE

Dear Reader,

The Global Association of Central Counterparties -CCP12- team and I wish you a happy new year! We wish you a year of health, prosperity, happiness, and as now must be stressed, peace, for 2022.

We thank you for your support throughout 2021, and are pleased with the progress and achievements of the centrally cleared industry. The second half of last year was marked by a steady increase in volumes and risk managed by CCPs, the introduction and creation of new markets, and yet again, a smooth and resilient operation of central counterparties and their participants.

In H2 2021, our membership continued to grow as we were joined by three members; Bursa Malaysia, FMDQ Clear, and NG Clearing. In addition, VSD was confirmed as a Primary Member in the Special General Meeting. The development or new establishment of CCPs around the world is a testament to the model's value for building and structuring financial centers and commodities markets. At CCP12, we are delighted to be part of this trend, and look forward to collaboration with our latest joiners.

Part of our role is to enable exchanges of view, and to build best practice out of them. In the last six months, we have been pleased as members have volunteered for presentations and discussions, as well made contributions to risk management improvements -notably in auctions practices. These nuts-and-bolts exchanges amongst the world's CCPs are complemented by greater engagement with academia; I'm thrilled that we are collaborating with Ron in his role as the Special Chair in Financial Market Infrastructure at Tilburg University, and our advisory role with the London School of Economics.

In people moves, our Treasurer has changed after four years of dedicated service. We all owe George gratitude for his excellent work, support and challenge, and welcome Tim. Last but by no means least, our staffing is expanding to best fulfil our mission, and our team now includes Domino and Karolina.

Happy reading,

*Teo*



TEO FLOOR  
CCP12 CEO

# Recent News



## CCP12 – HELD ITS VIRTUAL 2021 SPECIAL GENERAL MEETING (SGM)

On 2nd of December 2021, the Global Association of Central Counterparties (CCP12) held its Virtual 2021 Special General Meeting (SGM).

CCP12 Members approved the updated CCP12 Articles of Association, acknowledged the progress report and the work plan for the upcoming years and discussed different option for the budget 2023. Furthermore, the new Treasurer of CCP12, Timothy Cuddihy, Managing Director at DTCC, was confirmed. He takes over the role of George Kormas, President of CDCC, who has been the CCP12 Treasurer since 2017.

The four Working Committees of CCP12 presented their work, and recent publications, including the CCP12 Initiative on Payment System Outages, work on CCP resources and margins, improvements related to PQD publications, and cooperation with EACH, FIA, and ISDA on CCPs' default management auctions on category 2 topics.

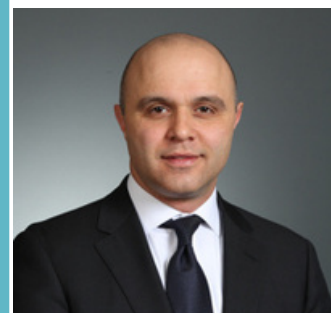
Furthermore, CCP12 members discussed the membership upgrade request of Vietnam Securities Depository (VSD), a CCP for the Derivatives Market in Vietnam since 2017. VSD was an CCP12 Observer Member since April 2019, and the 2021 Special General Assembly accepted VSD's upgrade request to a Primary Member of CCP12.

CCP12 now encompasses 41 members, thereof 37 Primary Members and 4 Observer Members.

[To read the Press Release, please click here.](#)



**TIMOTHY CUDDIHY**



**GEORGE KORMAS**

## CCP12 HELD AN INDUSTRY DISCUSSION WITH MARKET EXPERTS WITHIN THE CONTEXT OF CCP12'S VIRTUAL 2021 SPECIAL GENERAL MEETING

On December 8, CCP12 invited experts from Central Counterparties, regulators and standard setting bodies, academics and thought leaders to an informal discussion with CCP12 members and other industry guests, within the context of CCP12's Virtual 2021 Special General Meeting (SGM).

Lead speakers opened the discussion with their thoughts on "Suitability for Clearing – an exchange of, and development of views on suitability and advantages of central clearing for novel or currently majority uncleared" and "Direct Client Clearing – an exchange of views on the recent development of clients applying to self-clear, become direct members of Central Counterparties, and development of hybrid models". Afterwards an open discussion between the lead speakers and moderators issued, with CCP12 members and further guests partaking.

More than 90 participants from 40 CCP12 members had registered for the CCP12 SGM Day 2 and welcomed around 45 guests from different global regulatory and industrial institutions.

[To read the Press Release, please click here.](#)



### **CCP12 WELCOMES BURSA MALAYSIA AS OBSERVER MEMBER**



At the monthly Executive Committee Meeting of CCP12 - The Global Association of Central Counterparties - on 15 September 2021, the Executive Committee accepted Bursa Malaysia Berhad ("Bursa Malaysia") as an Observer Member of CCP12 with immediate effect.

Bursa Malaysia is a fully integrated exchange offering listing, trading, clearing, settlement, and depository services. Its subsidiaries include two central counterparties, Bursa Malaysia Securities Clearing ("BMSC") for the securities market and Bursa Malaysia Derivatives Clearing ("BMDC") for the derivatives market.

### **CCP12 WELCOMES NG CLEARING AS OBSERVER MEMBER**



At the monthly Executive Committee Meeting of CCP12 - The Global Association of Central Counterparties - on 15 September 2021, the Executive Committee accepted NG Clearing Limited as an Observer Member of CCP12 with immediate effect.

NG Clearing Limited is a Central Counterparty incorporated at the Corporate Affairs Commission ("CAC") in May 2016. The company is registered at the CAC as a company limited by shares, received approval in principle from the Securities and Exchange Commission of Nigeria (SEC) in September 2020 and a final approval from SEC in June 2021, to operate as a CCP and to serve as a market-wide financial market infrastructure in Nigeria.

### **CCP12 WELCOMES FMDQ CLEAR LIMITED AS OBSERVER MEMBER**



At the monthly Executive Committee Meeting of CCP12 - The Global Association of Central Counterparties - on 20 October 2021, the Executive Committee accepted FMDQ Clear Limited (FMDQ Clear) as an Observer Member of CCP12 with immediate effect.

FMDQ Clear Limited is a fully owned subsidiary of FMDQ Holdings PLC, Africa's premier vertically integrated financial market infrastructure group. FMDQ Clear is Nigeria's premier Central Counterparty, registered by the Securities and Exchange Commission, Nigeria, to provide post-trade services that will enhance the integrity of the financial market and eliminate the inherent counterparty risks therein, whilst facilitating settlement finality, delivering capital and cost efficiencies, and de-risking the Nigerian financial markets.



# Publications

## **CCP12 responds to ESMA Consultation Paper on the clearing and derivative trading obligations in view of the benchmark transition**

On 2nd of September 2021, CCP12 submitted its response to the European Securities Markets Authority's ("ESMA") Consultation Paper on the clearing and derivative trading obligations in view of the benchmark transition. In CCP12's response to the ESMA's consultation, CCP12 provides views on proposals to adapt the clearing mandates to reflect the transition to the new Risk-Free Rates preparing for the cessation of the GBP and JPY LIBORs and EONIA.

[To read the response please click here.](#)

## **CCP12 responds to ESMA's Consultation Papers on CCP recovery regime**

On 20th of September 2021, CCP12 submitted its response to the European Securities Markets Authority's ("ESMA") Consultation Papers on CCP recovery regime. In CCP12's response to the consultation papers, CCP12 provides views on additional pre-funded dedicated own resources conditions for recompense, circumstances for temporary restrictions in the case of a significant non-default event, triggers for the use of Early Intervention Measures, CCP recovery plan indicators, CCP recovery plan scenarios, and assessment factors for the competent authority and the supervisory college on the CCP recovery plan.

[To read the full response please click here.](#)

### **CCP12 responds to BoE Consultation Paper on Derivatives clearing obligation – introduction of contracts referencing TONA**

In CCP12's response to the BoE's Consultation Paper on Derivatives clearing obligation – introduction of contracts referencing TONA, which was submitted on 27th of October 2021, CCP12 provides views on the proposal to introduce a clearing obligation for OIS that reference TONA.

[To read the full response please click here.](#)

### **CCP12 responds to China Futures Law Public Consultation**

In CCP12's response to the China Futures Law Public Consultation, which was submitted on the 21st of November 2021, CCP12 highlights the importance of regulatory deference for comparable regulatory and supervisory frameworks.

[The response in English can be found here.](#)

[The response in Chinese can be found here.](#)

### **CCP12 responds to CPMI and IOSCO Consultative Report Application of the PFMI to stablecoin arrangements**

In CCP12's response to CPMI and IOSCO Consultative Report on Application of the PFMI to stablecoin arrangements, which was submitted on 1st of December 2021, CCP12 highlights the importance of subjecting stablecoin arrangements to PFMI, with a special emphasis on the need to make them very transparent entities.

[To read the full response please click here.](#)





### **CCP12 responds to Bank of England's Discussion Paper on Supervisory Stress Testing of Central Counterparties**

In CCP12's response to Bank of England's Discussion Paper on Supervisory Stress Testing of Central Counterparties, which was submitted on 17th of December 2021, CCP12 provides its views on the importance of Supervisory Stress Tests.

[To read the response please click here.](#)

### **CCP12 publishes Perspective on Transparency**

On 18th of November 2021, CCP12 published a Perspective on Transparency, which outlines the views of CCP12 members across the globe and the best practices that CCPs have adopted over the years to further promote confidence and integrity in the marketplace.

[To read the paper please click here.](#)





## CCP12 publishes PQD Newsflash Q1 & Q2 2021

In July 2021 and in October 2021, CCP12 - The Global Association of Central Counterparties - published PQD Newsflashes, which include the PQD data for Q1/2021 & Q2/2021. The Newsflash gives a high-level overview of published collated figures in the field of risk management provided by Central Counterparties around the globe. It seeks to complement existing public statistics, such as the BIS derivatives statistics, by providing a summary of key indicators.

In the last collation for Q2/2021, 50 CCPs included: 15 CCPs from the Americas, 19 CCPs from APAC, and 16 CCPs from EMEA. For Q2 2021 the CCPs included in the collation required over USD 1.096 billion of initial margin and had USD 125 billion in additional default fund resources.

The data is compiled directly from the source – the CCPs themselves – according to the standardized CCP12 PQD Template, which was implemented and is maintained by CCP12, carrying information stipulated in global regulatory guidance. Further details for individual CCPs can be found in links provided on the CCP12 website (<https://ccp12.org/pqd/>).

[The latest Newsflash can be found here.](https://ccp12.org/pqd/)





# CCP12 Office Updates



## **CCP12 & London School of Economics Law School - The Future of Financial Market Infrastructure Seminar Series**

In the fourth Quarter of 2021, the London School of Economics (LSE) Law School organized a Financial Market Infrastructure (FMI) Seminar Series. CCP12 – the Global Association of Central Counterparties – is part of the Advisory Committee.

This series of seminars on the Future of FMIs was established in 2020 by LSE, to provide a forum for interdisciplinary discussion of the most pressing issues relating to this systemic part of the global financial markets. The 2021 and 2022 program theme is 'Clearing in Context'. The sessions provided an overview on Clearing topics and developed the contemporary debates around central counterparties and clearing.



**Ron Berndsen**

## **CCP12 sponsors the Special Chair of Financial Market Infrastructures at Tilburg University in the Netherlands**

The Special Chair of Financial Market Infrastructures ("FMIs") at the Tilburg School of Economics and Management at Tilburg University in the Netherlands was established in December 2010 as FMIs were under-researched and under-taught at universities worldwide relative to the fundamental importance of their economic function and contribution to global financial stability. The special chair provides a link needed between theory and practice as the study of FMIs requires thorough knowledge of the academic literature but also a lot of practical, tacit insights from the industry and familiarity with the regulatory environment.

Professor Dr. R.J. (Ron) Berndsen has been appointed as professor for the Special Chair of Financial Market Infrastructures, and CCP12 - The Global Association of Central Counterparties - will now sponsor his chair for the next 5 years. Previously, the Central Bank of the Netherlands (DNB) sponsored the chair.

[Further information on CCP12 sponsors the Special Chair of Financial Market Infrastructures at Tilburg University in the Netherlands can be found here.](#)

## **Fundamental Questions on CCPs: A review of the literature by Ron Berndsen**

On September 9, 2021, the Journal of Futures Markets published an article "Fundamental questions on central counterparties: A review of the literature" by Ron Berndsen. This article provides a review of the literature on derivative CCPs focusing on some fundamental topics regarding the *raison d'être*, resilience, and governance of the CCP. On January 14, 2022, Ron Berndsen published an updated version of the review. In the updated review Dr. Ron Berndsen has counted 20 peer-reviewed, academic journal articles that have appeared in the whole year 2021, bringing the total number of the CCP literature review to 198.

[To read the full article, please click here.](#)

## Events

CCP12 was a keynote speaker, moderator, or panelist at the following events:

- The 3rd Bund Summit
- BCBS-CPMI-IOSCO Review of margining practices – Industry workshops
- FIA Asia
- 18TH China International Finance Forum(CIFF)

## CCP12 welcomes our new Policy Advisor - Karolina Ziolkowska and HR Specialist - Domino Wang

The CCP12 team is growing and in 2021 we were excited to welcome two new colleagues! Karolina Ziolkowska started her new position as Policy Advisor in October 2021. Karolina has broad experience in clearing and policy work. Before joining CCP12 she worked at KDPW\_CCP in Poland for more than 10 years, with her last position as Head of International Cooperation, Projects, and Analysis Section.

Domino Wang started to work part-time for CCP12 in Shanghai in the summer of 2021. Since December 2021, Domino works as a full-time HR Specialist.

Together with our new colleagues on board, we are looking forward to assisting you with all association's matters.



**Domino Wang**



**Karolina Ziolkowska**

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CCP12 is the global association for CCPs, representing 41 members who operate around 60 individual CCPs globally across the Americas, EMEA and the Asia-Pacific region. CCP12 promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents.



THE GLOBAL ASSOCIATION OF CENTRAL COUNTERPARTIES