



B O S T O N 2 0 0 7

*Background and  
Current Discussions*

# The creation of CCP12

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- London – January/2001
  - Global Central Counterparties Conference: 1st dialogue among CCPs
    - 70 institutions
    - 150 representatives
- CCP-12 Mission

The members of the CCP-12 will work together on issues of mutual interest and benefit toward the common purpose of creating conditions in which a global seamless CCP solution can emerge to meet the needs of the marketplace.

To this end, the CCP-12 will share information, develop analysis and establish minimum and/or best standards in areas of policy and activity of common concern and advocate the adoption of these standards in the global financial community

# 20 Members

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**Australian Clearing  
House Pty Limited - ACH**



**Brazilian Clearing and  
Depository Corporation - CBLC**



**Brazilian Mercantile & Futures  
Exchange - BMF**



Brazilian Mercantile & Futures Exchange

**The Canadian Depository for  
Securities Limited - CDS**



# 20 Members

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**Canadian Derivatives Clearing Corporation - CDCC**



**Cassa di Compensazione e Garanzia S.p.A - CC&G**



**The Clearing Corporation of India - CCIL**



**Chicago Mercantile Exchange - CME**



# 20 Members

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The Clearing Corporation



Eurex Zürich AG



Depository Trust & Clearing Corporation - DTCC



Hong Kong Exchanges and Clearing Limited



# 20 Members

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**Japan Securities Clearing Corporation**



**LCH.Clearnet Group Limited**



**Korea Exchange - KRX**



**National Securities Clearing Corporation Limited - NSCC**



# 20 Members

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**The Options Clearing Corporation - OCC**



**Singapore Exchange Limited - SGX**



**S.D. Indeval**

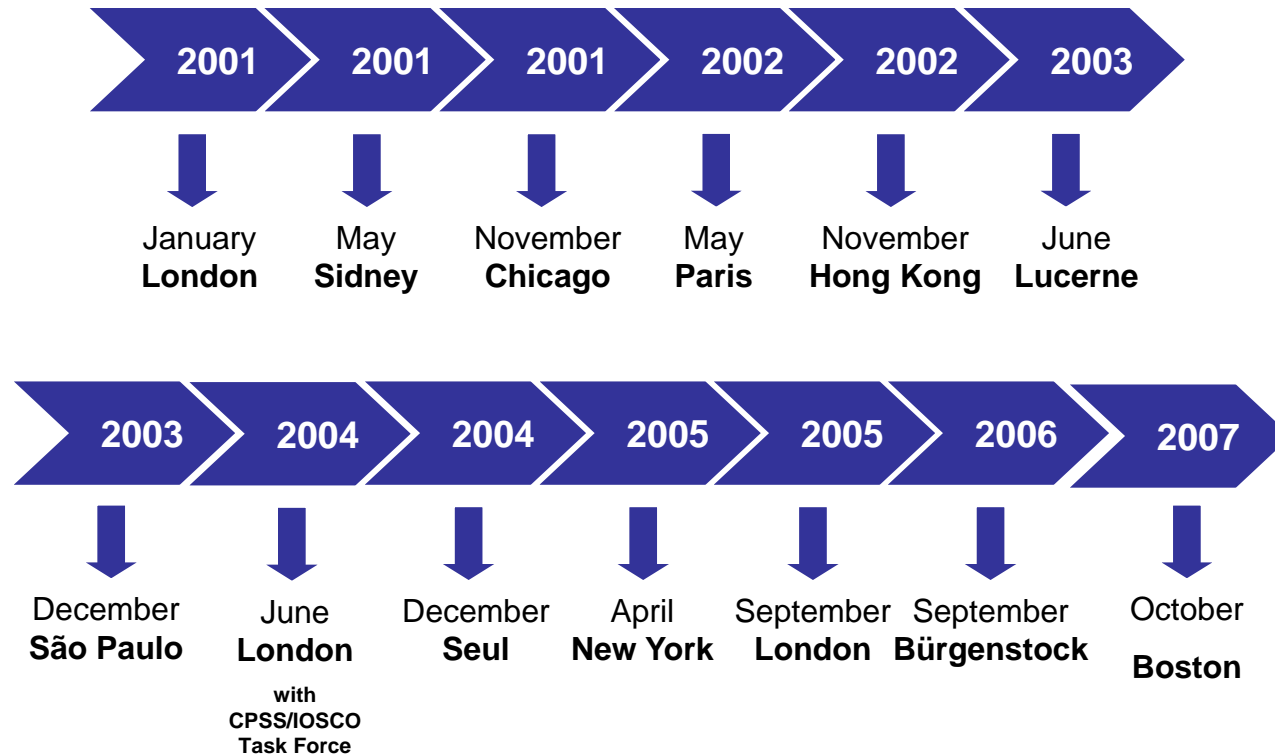


**Tokyo Stock Exchange, Inc.**



# CCP12 Meetings

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# CCP12 Working Groups

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- From 2001 to 2004
  - Linkage Models
  - Risk Management
  - Collateral Management Optimization
- From 2004 onwards
  - Unification of Working Groups - Risk Management Working Group

# Linkages Working Group

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- Paper coordinated by CDS on Cross-border Links stressing the CCP challenges

## Clearing / Settlement

- Multiple Currencies
- Collateral Optimization
- Differing Settlement Cycles

## Risk Management

- Legal Issues
- Insurance Policies
- Payment Default

## General Processing

- Geographic Locations
- Security identifiers
- Communication /  
Technology standards

# Collateral Management Optimization Working Group

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- Models for more efficient collateral utilization in a cross-border environment

**MODEL 1** – Global Depository to track and allocate collateral

**MODEL 2** – Links between CCPs and CSDs to facilitate flexibility of collateral location and movement (collateral accounts)

**MODEL 3** – Links between CCPs to utilize excess collateral at one CCP for the benefit of another CCP

# Risk Management Working Group

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- Risk Management For Central Counterparties – A Statement of Current Global Practice
  - Identification of risk management objectives and description of approaches and practices adopted by CCP
  - Promotion of understanding and incentive to comparative analysis of the ways in which CCPs manage risk
  - Provision of a basis for practitioner input to a number of regulatory initiatives in relation to CCPs
  - Based on European Association of Central Counterparty Clearing Houses (EACH) minimum risk management standards for European CCPs

# Risk Management Working Group

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- CPSS-IOSCO Recommendations for CCPs
  - Submissions made by the CCP-12 Risk Management Working Group in respect of the CPSS-IOSCO Consultative Paper (March 2004)
  - GAP analysis between the submissions and the CPSS-IOSCO Final Report (November 2004)
- Hague and Unidroit Conventions
  - Contributions to the definition of Securities Settlement System and Securities Clearing System

# CCP12 Meeting – October 5, 2007

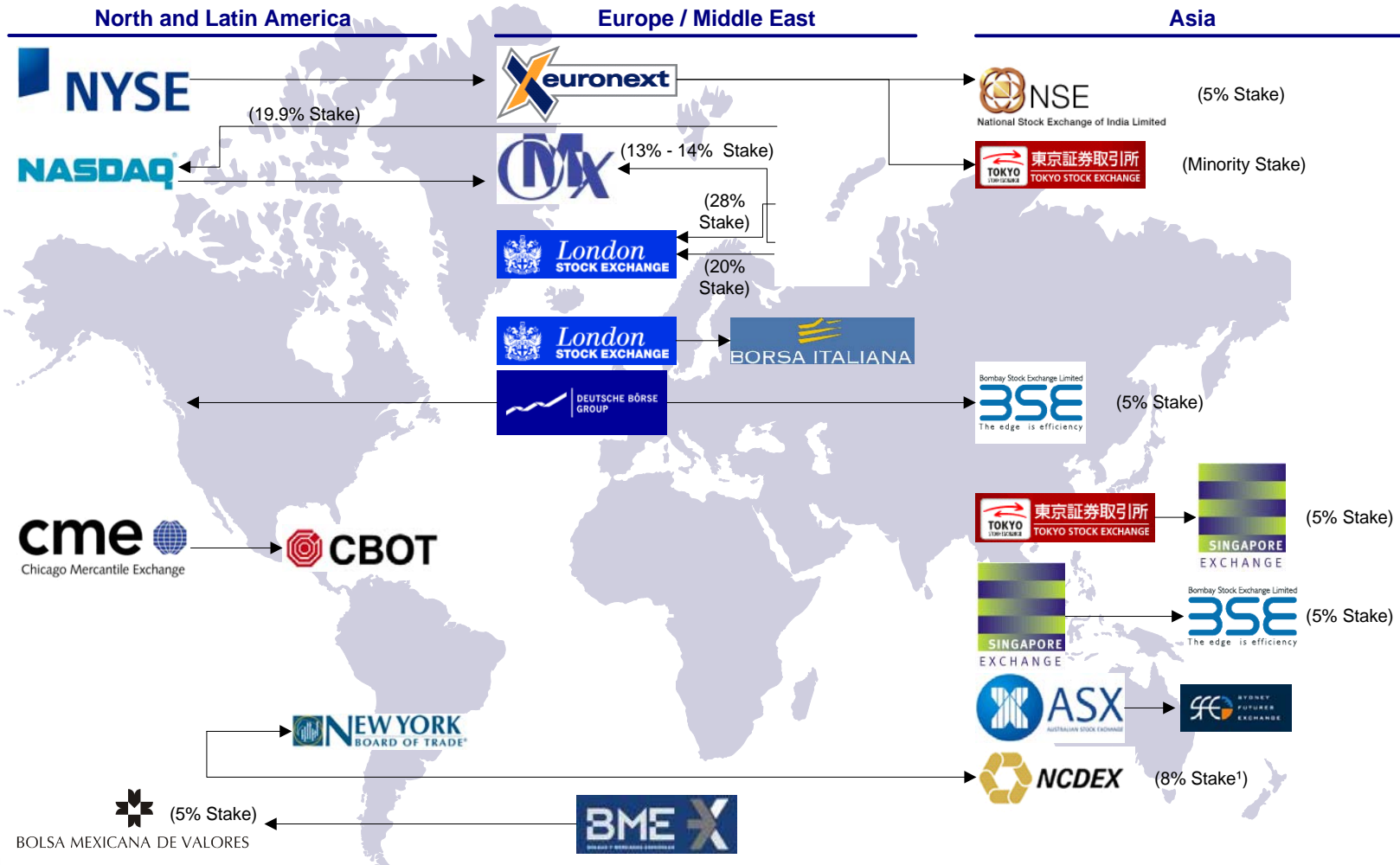
<b>AGENDA</b>	
<b>TOPICS</b>	<b>SPEAKER</b>
The CCP12 Group – Background and Current Plans	<i>Ms. Amarilis Sardenberg CBLC</i>
CCP Members' Update	<i>Mr. Colin Scully- Moderator ASX</i>
CCP links in an Integrated Marketplace – the ECB Assessment	<i>Ms. Daniela Russo European Central Bank</i>
The CPSS Report on New Developments in Clearing and Settlement of OTC Derivatives The Fed Initiative in relation to Infrastructure Weaknesses in OTC Derivatives	<i>Mr. Patrick Parkinson Federal Reserve Board</i>
Current Trends and Challenges for CCPs	<i>Mr. Don Donahue – DTCC Ms. Ann Flodstrom – OMX /EACH Mr. Mitsuhiro Hasegawa – TSE</i>
The CCP Global Gathering in 2008	<i>Organizing Committee</i>

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# Current Debate

**Since CCP12's creation in 2001, the securities markets have witnessed a series of major changes in the world financial market - accelerating trend of growth, technology advancement and structural markets changes**

# Cross-border trading



Source: DTCC



# Cross-border trading

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- Regulatory issues
- Credit risk management issues
- Exposure to foreign exchange risk
- Communication issues

# Alternative trading platforms

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- A new stakeholder
- Supervision and oversight issues
- Credit risk issues
- Operational issues

# Risk management models and level of protection

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- The impact of mergers and consolidation
- Clearing Fund levels
- Members surveillance issues
- Crisis management

# Plans for the CCP Global Gathering in 2008

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**LOCAL: Tokyo**

**DATE: April, 2008**

**ORGANIZING COMMITTEE**

**AGENDA**