Background and Current Discussions
The creation of CCP12

  - Global Central Counterparties Conference: 1rst 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

Australian Clearing House Pty Limited - ACH

Brazilian Clearing and Depository Corporation - CBLC

Brazilian Mercantile & Futures Exchange - BMF

The Canadian Depository for Securities Limited - CDS
20 Members

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

The Clearing Corporation

Eurex Zürich AG

Depository Trust & Clearing Corporation - DTCC

Hong Kong Exchanges and Clearing Limited
20 Members

Japan Securities Clearing Corporation

LCH.Clearnet Group Limited

Korea Exchange - KRX

National Securities Clearing Corporation Limited - NSCC
20 Members

The Options Clearing Corporation - OCC

Singapore Exchange Limited - SGX

S.D. Indeval

Tokyo Stock Exchange, Inc.
CCP12 Meetings

2001
January London

May Sidney

November Chicago

2002
May Paris

November Hong Kong

2003
June Lucerne

2004
December São Paulo

June London

2005
December Seul

April New York

September London

2006
September Bürgenstock

2007
October Boston

with CPSS/IOSCO Task Force

BOSTON 2007
CCP12 Working Groups

- 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

- 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

- 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

• 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

• CPSS-IOSCO Recommendations for CCPs
  – 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
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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

North and Latin America

NYSE
NASDAQ

Europe / Middle East

Euronext
London Stock Exchange
Borsa Italiana

Asia

NSE
Tokyo Stock Exchange
BSE
SSE
ASX
NCDEX

Source: DTCC
Cross-border trading

- Regulatory issues
- Credit risk management issues
- Exposure to foreign exchange risk
- Communication issues
Alternative trading platforms

- A new stakeholder
- Supervision and oversight issues
- Credit risk issues
- Operational issues
Risk management models and level of protection

- The impact of mergers and consolidation
- Clearing Fund levels
- Members surveillance issues
- Crisis management
Plans for the CCP Global Gathering in 2008

LOCAL: Tokyo
DATE: April, 2008
ORGANIZING COMMITTEE
AGENDA