

FIA Global CCP Rulebook Review

FIA Global's comprehensive
guide to clearinghouse rules



in cooperation with:

Linklaters

Milbank

The FIA Global CCP Rulebook Review is a cost-effective way for clearing risk professionals to...

⇒ Meet regulatory obligations to conduct due diligence on CCPs

⇒ Provide analysis of CCP risk exposure to various stakeholders involved in the clearing process

⇒ Act with the same information as the rest of the industry

⇒ Receive notifications of rule changes as they occur

⇒ Electronically access and search the rulebook review

⇒ Compare and benchmark the rules of different CCPs

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The mandate to clear standardized derivatives through central counterparties has increased the regulatory obligations of market participants that use CCPs. As a result, regulators are more closely scrutinizing the risks and responsibilities of CCP members. To meet these regulatory demands, clearing members, end users and other risk professionals need to have access to detailed analyses of the rules and procedures of CCPs. FIA has engaged two internationally recognized law firms—Milbank, Tweed Hadley & McCloy and Linklaters—to conduct a thorough rule review of CCPs in multiple jurisdictions.

CCP Survey Questionnaire:

A detailed questionnaire will be used for each CCP. The CCP Survey Questionnaire answers will clearly and succinctly highlight and interpret, in straightforward and reader-friendly language, those issues that clearing members and end users will find most relevant, while providing background and/or commentary where necessary.

The work product resulting from each rulebook review includes:

- A completed CCP Survey Questionnaire with answers primarily based on publicly available rulebooks and procedural documents. We will note where an answer incorporates information obtained directly through conversations with the CCP.
- Targeted content of the relevant CCP rules, procedures and related regulation. While the answers will provide citations to the applicable rules, the answers will not simply be a “cut-and-paste” extract of the rules themselves and will instead be framed as a reasoned analysis of material issues.

Change Notifications

For an annual subscription fee, a purchaser will be notified of any rule changes as they occur. Additionally, the analysis of the rule change and updates to the answers comprising the CCP survey questionnaire will be made available as soon as practicable.

Components of the Review

CCP Survey Questionnaires may be purchased in modules, specifically: (i) the Base Module and (ii) the Customer Clearing Module.

Base Module includes:

- 1 Legal issues (including registration status of CCP, regulator, available legal opinions, etc.)
- 2 Membership requirements
- 3 Clearing member committees
- 4 Trade flow (how contracts are formed) and trading limits
- 5 Margin and collateral (including initial and variation margin methodology, VM haircutting, types of collateral, collateral haircuts, account structure)
- 6 Termination and withdrawal
- 7 Rule changes and emergency powers
- 8 Clearing member default (including determination of default, default management process, default resources, related disclosure issues)
- 9 General CCP disclosure requirements
- 10 CCP liquidity management
- 11 CCP default procedure (including types of events of default, determination of default, calculation of net amounts)
- 12 CCP “end of waterfall” procedures
- 13 CCP recovery and wind-down plans
- 14 Ability of CCP to rehypothecate and/or invest clearing member assets
- 15 Custody matters

Client Clearing Module includes:

- 1 Relationship among the CCP, clearing members and customers (including indirect client business)
- 2 Segregation
- 3 Pre-default (“business as usual”) portability
- 4 Post-default portability
- 5 CCP default-related issues (including netting and setoff of house and customer contracts, rehypothecation/ investment of customer assets, allocation of liability between clearing member and customer with respect to customer contracts and collateral)

Initial CCP Reviews*

Region	Jurisdiction	CCP & Service
N. America	US	ICE Clear Credit LLC - CDS
EMEA	UK	LCH.Clearnet Limited - SwapClear (SCM)
EMEA	UK	LCH.Clearnet Limited - ForexClear (SCM)
N. America	US	CME Clearing - Listed
EMEA	UK	LCH.Clearnet Limited - SwapClear (FCM)
N. America	US	CME Clearing - IRS
EMEA	UK	ICE Clear Europe Limited - CDS
EMEA	UK	ICE Clear Europe Limited - Listed
N. America	US	Options Clearing Corp - Listed
APAC	Hong Kong	HKFE Clearing Corporation Limited
EMEA	UK	LME Clear
APAC	Australia	ASX Clear (Futures) Pty Ltd - Exchange Traded Contracts, Cash Bonds and Repos
N. America	US	ICE Clear US - Listed derivatives
APAC	Japan	Japan Securities Clearing Corporation -Listed derivatives on JGBs/ securities indices
APAC	India	National Securities Clearing Corporation- Listed, currency & IRS

*Additional CCP rulebook reviews will be conducted based on user demand.

Electronic Access

The responses and analysis will be made available electronically. Users will have electronic access to the Survey Questionnaire answers in a searchable, online format.



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