



FIA CCP RISK REVIEW™

The Definitive Resource for
Managing Derivatives Clearing Risk

ccpriskreview.org



in partnership with

Linklaters | Milbank



¹Designing standardized templates, pro forma answers/approaches, process guide and training materials to ensure consistency of style and approach across CCP services across jurisdictions

²Initial preparation of a combined base and client clearing modules



MANAGE DERIVATIVES CLEARING RISK

Regulatory obligations to clear OTC derivatives transactions through central counterparties (CCPs), coupled with an increased focus on the clearing of exchange-traded derivatives, has created a growing necessity to analyse and understand the risks involved in derivatives clearing.

Each year, a CCP changes its rules and updates its rulebook in response to regulatory and market developments. With every rule change at a CCP, you risk failure to comply with the rule or the inability to manage your exposure if it goes unnoticed or not analysed internally.

With the lack of standardisation across the rulebooks of different CCPs, and the potential for rulebooks to span different languages and legal systems, it can be costly, time-consuming and resource-intensive for businesses to monitor CCP rulebooks on a timely basis.

Created by FIA, in conjunction with Linklaters and Milbank, the FIA CCP Risk Review™ takes a common approach to analysing and interpreting the rulebooks of nearly 80 CCPs around the globe. It highlights the issues most relevant to clearing members and end-users, and evaluates evolving regulatory obligations relating to CCPs on a real-time basis.

Comparing the rules of CCPs worldwide, the FIA CCP Risk Review delivers quality-assured answers to the 300 most commonly asked questions about CCP rulebooks. Written in practical, digestible terms, and incorporating key implications of applicable law where relevant, the FIA CCP Risk Review gives market participants the information they need to understand the risks relating to CCPs.

Surveys are regularly updated, with content delivered in consistent terminology, and users are notified of rule changes in real time. It also provides immediate answers to urgent questions in times of crisis, reducing legal response times to minutes.

TARGET CUSTOMER TYPES INCLUDE:

- Clearing members of CCPs
- Clients of clearing members
- Entities considering becoming clearing members
- Entities considering becoming clients
- CCPs that wish to benchmark themselves
- Professional advisors
- Regulators

ccpriskreview.org

COMPONENTS – HOW THE FIA CCP RISK REVIEW WORKS FOR YOU

Currently, the FIA CCP Risk Review covers nearly 80 CCP services in 40 countries. For each CCP service, the survey is split into a base module, covering house clearing, and a supplementary client clearing module, covering additional questions for client clearing. The base module may be purchased on its own or together with the client clearing module, which is a supplement and cannot be purchased separately.

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 and trading limits
- ⑤ Margin and collateral (including initial and variation margin methodology, VM haircutting, types of 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 “end of waterfall” procedures
- ⑫ CCP recovery and wind-down plans
- ⑬ Custody and investment risks

CURRENT SUBSCRIBERS USE THE SURVEYS TO:

- Support CCP due diligence efforts
- Provide analysis of CCP risk exposure to various stakeholders involved in the clearing process
- Assist in determining whether a CCP is a “QCCP”
- Utilise industry-wide best practices
- Track the practical impact of CCP rule changes as they occur
- Compare and benchmark the rules of different CCPs
- Allow in-house teams to focus on higher value matters.



CLIENT CLEARING MODULE INCLUDES:

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

LEADING COMPARISON TOOL OF CCP RULES:

- Provides real value for money
- Hedges you against key man risk
- Delivers up to date, high quality information 24/7

SECURE ONLINE ACCESS

Access the surveys you subscribe through a secure online platform. Subscribers may provide access to as many team members as they require and also may specify which modules a team member may access. Easily search the catalog of surveys you have purchased by country, CCP or module type.

COMPARISON REPORTING

The online platform also has a Report Builder function that allows users to compare differences between CCP services' rules by displaying answers side-by-side. Users can tailor their report by selecting the specific topics, questions and CCP services. Comparability is further enhanced by our use of standardized terms and concepts across all our answers. Once tailored and generated these reports can be downloaded and printed.

ccpriskreview.org



KEY BENEFITS

Best in Class

- Access to 'best in class' information and knowledge that other leading banks use the same tool
- Regular updates (weekly rule change notifications with quarterly survey updates)
- Leading quality assurance process

Power to compare

- Comparison across CCPs
- Consistent, user-friendly terminology supported by detailed glossary

Risk management

- Crisis and potential default situations: speedy answers to urgent questions
- Significantly reduces key man risk (illness, holidays, departures)
- Eliminates reliance on out-of-date internal reports

Shaping industry opinions

- Greater transparency to CCP rules worldwide facilitates:
 - Industry-wide lobbying for greater standardisation of rules
 - Greater focus on systemic risk issues

Easy to use

- Easy, understandable access to CCP rules across the world + diagrams
- Easy-to-use electronic delivery platform

Value for money

- High-value product at a reasonable cost
- One price per institution globally – unlimited number of users per institution
- Leverages and expands internal capabilities
- Frees up resources for higher value activities

CURRENT SUBSCRIBERS INCLUDE:

- Bank of America Merrill Lynch
- Citibank
- Deutsche Bank
- HSBC
- J.P. Morgan
- Morgan Stanley
- UBS
- Wells Fargo

FIA CCP Risk Review™

SUBSCRIBE TODAY!

For a specified fee, organisations can purchase any of the survey modules that have already been produced and can commission new survey modules (subject to minimum demand requirements). All survey modules are accessible through a secure online platform.

In addition, for an annual fee of 20%, a purchaser will receive notifications of rule changes as they occur and updates to the relevant CCP survey questionnaire will be made available as quickly as possible.

Fees are broken out by which modules you want to access as well as the number of clearing services that a CCP has. Check out the price list for current fees and contact us to subscribe.

Request a demo and learn more at ccpriskreview.org!



Learn more at ccpriskreview.org
or contact ccpriskreview@fia.org.