

MEMO# 28900

April 16, 2015

ICI Submission to CFTC Public Roundtable on Recovery of Derivatives Clearing Organizations

[28900]

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TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 24-15
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 14-15 RE: ICI SUBMISSION TO CFTC
PUBLIC ROUNDTABLE ON RECOVERY OF DERIVATIVES CLEARING ORGANIZATIONS

ICI made a submission to the Commodity Futures Trading Commission (“CFTC”) in connection with the CFTC’s March 19 public roundtable on the recovery and orderly wind-down of derivatives clearing organizations (“DCOs”). A copy of the letter is attached. The letter expresses opposition to the use of variation margin gains haircutting (“VMGH”) by DCOs as a recovery tool because margin of non-defaulting customers of clearing members could be used to support the recovery of a DCO. The letter states that VMGH would impose unfairly the costs of recovery of DCOs on entities that did not contribute to the losses or the default and do not have the ability to manage the risks of the DCO.

Jennifer S. Choi
Associate General Counsel

[Attachment](#)