

**MEMO# 30731**

June 5, 2017

# **ICI Submits Letter to US Regulators on Improving Clearing House Risk Management Standards**

[30731]

June 5, 2017 TO: ICI Members

ICI Global Members SUBJECTS: Derivatives RE: ICI Submits Letter to US Regulators on Improving Clearing House Risk Management Standards

ICI, in conjunction with three other trade associations, submitted a letter urging US regulators of central counterparties (CCPs) to take a number of steps to support sound CCP risk management practices. ICI supports regulatory efforts to plan for the recovery or resolution of a financially-troubled CCP, urging regulators to require transparent and fair CCP recovery and resolution processes funded by resources of CCPs, CCP owners, and clearing members, rather than the assets of non-defaulting customers, such as regulated funds.[\[1\]](#)

The joint trades' letter continues ICI's efforts to protect customer assets. The letter urges regulators to take the following actions to improve CCP resiliency and protect customer assets in the event of CCP recovery or resolution:

- Strengthen minimum CCP funding requirements and risk management processes to foster resilient CCPs and reduce the likelihood of CCP failure;
- Require CCPs to provide expanded public disclosure that is reliable, readily available, and comparable;
- Require CCP recovery standards to provide full protection of customer interests;
- Adopt rules that enhance the transfer of customer positions from one clearing member to another and that protect non-defaulting customers of a clearing member if another customer of that clearing member defaults;
- Establish clear protocols for CCP resolution that balance market and systemic interests with customer protections; and
- Make clear that a CCP and its parent company have the sole responsibility for non-default losses incurred by the CCP.

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## [Attachment](#)

### **endnotes**

[1] See e.g., ICI Memorandum No. 30364 (Mar. 13, 2017), *available at* <https://www.iciglobal.org/iciglobal/pubs/memos/memo30634> (responding to the Financial Stability Board's proposed guidance on CCP resolution and resolution planning).

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