

MEMO# 30634

March 13, 2017

ICI Global Submits Comment Letter on FSB Consultation on Central Counterparty (Clearinghouse) Resolution and Resolution Planning

[30634]

March 13, 2017 TO: Derivatives Markets Advisory Committee

ICI Global Trading & Markets Committee

International Committee

Securities Operations Advisory Committee RE: ICI Global Submits Comment Letter on FSB Consultation on Central Counterparty (Clearinghouse) Resolution and Resolution Planning

ICI Global has submitted a comment letter in response to a consultation report on proposed guidance on central counterparty (CCP) resolution and resolution planning by the Financial Stability Board (FSB).[\[1\]](#) The Consultation is intended to assist authorities with developing a consistent international process for CCP resolution.

The letter urges the FSB to focus on enhancing market confidence by recommending that CCP resolution plans strike an appropriate balance between providing a level of certainty regarding the resolution process and allowing resolution authorities sufficient flexibility to respond to unanticipated circumstances. The letter explains the importance of CCP supervision, which would reduce the likelihood of the need to trigger a resolution plan. The letter also details how the nearly limitless discretion the Consultation proposes to afford CCPs and resolution authorities risks undermining market confidence. In addition, we caution against adopting the elements of the proposed guidance that promote resolution strategies that would enable a distressed CCP or its resolution authority to seize the assets of non-defaulting customers of clearing members through margin haircuts or contract tear-ups.

Jennifer S. Choi
Associate General Counsel

George M. Gilbert
Counsel

[Attachment](#)

endnotes

[1] FSB, *Guidance on Central Counterparty Resolution and Resolution Planning, Consultative Document*, February 1, 2017, available at <http://www.fsb.org/wp-content/uploads/Guidance-on-Central-Counterparty-Resolution-and-Resolution-Planning.pdf> (Consultation); For the summary of the Consultation, see ICI Memorandum No. 30567 (February 7, 2017), available at https://www.ici.org/my_ici/memorandum/memo30567.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.