Committee on Payment and Settlement Systems

Board of the International Organization of Securities Commissions

Consultative report

Public quantitative disclosure standards for central counterparties

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BANK FOR INTERNATIONAL SETTLEMENTS

OICU-IOSCO

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This report is being issued now for public consultation. Comments should be sent by 13 December 2013 to both the CPSS secretariat (cpss@bis.org) and the IOSCO secretariat (qdisclosure@iosco.org). The comments will be published on the websites of the BIS and IOSCO unless commentators have requested otherwise.

A cover note, published simultaneously and also available on the BIS and IOSCO websites, provides background information on why this report has been issued and sets out some specific points on which comments are particularly requested.

Disclosure matrix

The matrix below describes the CPSS-IOSCO quantitative disclosure standards for CCPs. Together with the CPSS-IOSCO *Disclosure Framework*, these constitute the disclosures expected of a CCP under Principle 23, Key Consideration 5, of the CPSS-IOSCO *Principles for financial market infrastructures* (the Principles). It is expected that this common set of public quantitative disclosures will assist stakeholders including authorities, participants (direct, indirect and prospective) and the public to: understand the risks and controls on risk associated with a CCP; understand and assess the systemic importance of that CCP; compare CCP risk controls – including financial condition and financial resources to withstand potential losses; and understand and assess the risks of participating in CCPs (directly and indirectly). The information set below is not, however, intended to be sufficient for counterparty due diligence reviews, notwithstanding that the proposed metrics would be supportive of such reviews.

The matrix follows the structure of the Principles and each disclosure item is intended to draw out the CCP's activity, risks and risk controls. The disclosure matrix should also be read in conjunction with the explanatory notes which may be found at the end of the matrix. CCPs should attempt to disclose all elements in the matrix. If an element is not applicable, or its completion is not practicable, CCPs should explain the reasons for this in place of the disclosure.

In order for the objectives of disclosure to be achieved, it is essential that reporting is accurate. CCPs should ensure their disclosures are subject to appropriate quality control. CCPs are encouraged to provide clarifying remarks alongside their disclosures where they consider this will aid understanding or where they consider there may otherwise be a risk of misinterpretation.

	Disclosure	Frequency and type of data	Consultation question
1.	**Legal basis (Principle 1)**		
	No quantitative disclosures		
2.	**Governance (Principle 2)**		
	No quantitative disclosures		
3.	**Framework for the comprehensive management of risks (Principle 3)**		
	No quantitative disclosures		
4.	**Credit risk (Principle 4)**		
4.1	Total value of default resources (excluding initial and variation margin), split by clearing service if default funds are segregated by clearing service [see explanatory notes], split by: (a) pre-funded a. own capital (further split by whether used before, alongside, or after, member contributions) b. aggregate participant contributions (both amount required and post-haircut amount posted, where different) c. other (b) committed a. own / parent funds b. aggregate participant commitments c. other	Quarterly At quarter end	
4.2	Aggregate prefunded default resources (excluding initial and variation margin) held for each clearing service, split by • Cash o local currency o USD o EUR o Other • Non-cash o government securities, · local · other o corporate bonds, o equities, o commodities · gold · other, o mutual funds / UCITs, o other Amounts should be reported both pre haircut (ie at market value) and at post haircut value.	Quarterly At quarter end [see explanatory notes]	

	Disclosure	Frequency and type of data	Consultation question
4.3	State whether the CCP is subject to a minimum "Cover 1" or "Cover 2" requirement in relation to total pre-funded default resources.		**Consultation questions**: How could this information best be presented to provide meaningful information across CCPs while avoiding disproportionate reporting burden (eg what is the case for disclosing further information on stress testing methods)?
	For each clearing service, what is the estimated largest aggregate credit exposure (in excess of initial margin) that would be caused by the default of any single participant and its affiliates in extreme but plausible market conditions?	Peak day amount in quarter and average over quarter	
	Report the number of business days, if any, on which the above amount exceeded actual pre-funded default resources and by how much.	No. of days in quarter, and amount of excess on each day.	What are the pros and cons of seeking disclosures with regard to the estimated largest credit exposures to *both* the single largest *and* two largest participants (plus affiliates), from all CCPs irrespective of whether they are subject to a cover 1 or a cover 2 regulatory requirement?
	For each clearing service, what is the estimated largest aggregate credit exposure (in excess of initial margin) that would be caused by the default of any two participants and their affiliates in extreme but plausible market conditions?	Peak day amount in quarter and average over quarter	
	Report the number of business days, if any, on which the above amount exceeded actual pre-funded default resources and by how much. [See explanatory notes.]	No. of days in quarter, and amount of excess on each day	
5.	**Collateral (Principle 5)**		
5.1	Haircuts on collateral eligible as initial margin [See explanatory notes.]	Quarterly. CCPs should list all changes made during the quarter including effective dates	**Consultation question**: How frequently are haircuts changed?
5.2	Haircuts on collateral eligible for pre-funded participant contributions to the default resources (if different from 5.1)	Quarterly. CCPs should list all changes made during the quarter including effective dates	**Consultation question**: How frequently are haircuts changed?
5.3	Results of testing of haircuts: state the assumed holding period for the collateral accepted, and the number of days during the past year on which the fall in value during the assumed holding period has exceeded the haircut on an asset.	Quarterly	**Consultation question**: How could this information best be presented to provide meaningful information across CCPs while avoiding disproportionate reporting burden?

	Disclosure	Frequency and type of data	Consultation question
6. Margin (Principle 6)			
Initial margin			
6.1	For each clearing service, total initial margin **required**, split by: • House and client and, for each of house and client totals (or combined total if not segregated): - base-line initial margin - add-ons to base-line initial margin - retained MTM / VM (if applicable) • Currency [See explanatory notes]	Quarterly	**Consultation question**: Would it be preferable to report more frequently, eg monthly, or to report daily data over the period, the average over the period, highest and/or lowest values over the period, or data as at the end of the quarter?
6.2	For each clearing service, total initial margin posted (i.e. including baseline plus any add-ons), split by house and client (if segregated) – and for each of house and client totals (if segregated), split by: • Cash o local currency o USD o EUR o Other • Non-cash o government securities, ・ local ・ other o corporate bonds, o equities, o commodities ・ gold ・ other, o mutual funds / UCITs, o other Amounts should be reported both pre haircut (ie at market value) and at post haircut value. [See explanatory notes]	Quarterly	**Consultation question**: Would it be preferable to report more frequently, eg monthly, or to report daily data over the period, the average over the period, highest and/or lowest values over the period, or data as at the end of the period?
6.3	Initial margin rates on individual contracts, where the CCP sets such rates [See explanatory notes]	Quarterly. CCPs should list all changes made during the quarter including effective dates	**Consultation questions**: How frequently are initial margin rates and key parameters, including correlations, changed? Is the information requested sufficient to provide a basic understanding of the initial margin model, or is more or different information necessary? (eg the weighting applied to historic data, the range of volatility shifts modelled, etc?)
6.4	Initial margin assumptions for each clearing service and each initial margin model applied to that clearing service – key parameters including, but not limited to: (i) single-tailed confidence level targeted; (ii) sample/data look-back period for establishing confidence level; (iii) close-out/holding periods by product; (iv) correlations/offsets [eg for SPAN style models this might include inter-month spread charges and inter-contract spread credits]. [See explanatory notes]	Quarterly. CCPs should list all changes made during the quarter including effective dates	

	Disclosure	Frequency and type of data	Consultation question
6.5	Results of back-testing of initial margin. At a minimum this should include, for each clearing service and each initial margin model applied to that clearing service: (a) Number of times over the past year that margin coverage held against any account fell below the actual marked-to-market exposure of that member account – based on daily back testing results* (b) Number of observations (ie number of accounts multiplied by number of days covered in the back test) (c) Achieved coverage level ie [(b) – (a)]/(b) * Specify if measured intraday/continuously or only once a day. If once a day, specify at what time of day. Where breaches of initial margin coverage (as defined in 6.5(a)) have occurred, report on size of uncovered exposure. [See explanatory notes]	Quarterly Peak and average amount of excess	**Consultation question**: How could this information best be presented to provide meaningful information across CCPs while avoiding disproportionate reporting burden? Is this information best presented at the level of clearing member accounts in each clearing service?
Variation margin			
6.6	For each clearing service, total of variation margin called from participants each day, and/or increase in daily total clearing fund, as applicable. [See explanatory notes]	Quarterly Daily average over quarter	
6.7	Maximum daily variation margin call over the period	Quarterly Maximum over quarter	
7.	**Liquidity risk (Principle 7)**		
7.1	Size and composition of qualifying liquid resources for each clearing service (or at aggregate CCP level if not managed at clearing service level) – for each relevant currency – split by cash at central bank of issue; cash at commercial banks; committed lines of credit; committed foreign exchange swaps; committed repos; highly marketable collateral held in custody and investments that are readily available and convertible into cash with prearranged and highly reliable funding arrangements even in extreme but plausible market conditions. [See explanatory notes]	Quarterly As at quarter end	**Consultation question**: Would disclosures on composition of liquid resources reveal sensitive information about individual liquidity providers? (please say why, and how the disclosure could be amended to ensure adequate information on liquid resources is disclosed without this sensitivity?)
7.2	Size and composition of any supplementary liquidity risk resources for each clearing service above those qualifying liquid resources above. [See explanatory notes]	Quarterly As at quarter end	

	Disclosure	Frequency and type of data	Consultation question
7.3	What is the estimated largest same-day and, where relevant, intraday and multiday payment obligation in total that would be caused by the default of any single participant and its affiliates in extreme but plausible market conditions? Report the number of business days, if any, on which the above amount exceeded qualifying liquid resources (identified as in 7.1, and available at the point the breach occurred), and by how much. What is the estimated largest same-day and, where relevant, intraday and multiday payment obligation in each relevant currency that would be caused by the default of any single participant and its affiliates in extreme but plausible market conditions? Report the number of business days, if any, on which the above amounts exceeded qualifying liquid resources in each relevant currency (as identified in 7.1 and available at the point the breach occurred), and by how much. [See explanatory notes]	Peak day amount in quarter and average over quarter No. of days in quarter, and amount of excess on each day Peak day amount in quarter and average over quarter No. of days in quarter, and amount of excess on each day	**Consultation question**: How could this information best be presented to provide meaningful information across CCPs while avoiding disproportionate reporting burden? Would reporting this data present confidentiality issues and why?
8.	**Settlement finality (Principle 8)**		
8.1	Proportion of settlement fails for securities transactions, by number and value (ie as a percentage of aggregate value), for each market served. [See explanatory notes]	Quarterly	
9.	**Money settlements (Principle 9)**		
9.1	Average daily value of cash payment instructions, including variation margin, initial margin and money settlements, by currency – split into those made in central bank money and non-central bank money. Disclosures should include the payment system used for settlement. [See explanatory notes]	Quarterly Daily average over quarter	
9.2	Peak daily value of cash payment instructions, including variation margin, initial margin and money settlements, by currency - split by those made in central bank money and non-central bank money. [See explanatory notes]	Quarterly Quarterly peak	
9.3	Peak daily value of cash payment instructions, including variation margin, initial margin and money settlements, by currency, for any single participant (and affiliates).	Quarterly Quarterly peak	

	Disclosure	Frequency and type of data	Consultation question
10. Physical deliveries (Principle 10)			
10.1	Average daily volume and value of contracts in which CCP is directly involved in physical delivery, split by each type of physical commodity and type of security that is defined as physically settled. [See explanatory notes]	Quarterly	
10.2	Peak daily volume and value of contracts in which the CCP is directly involved in physical delivery, split by each type of physical commodity and type of security.	Quarterly Quarterly peak	
10.3	Average daily value and volume of securities settlement instructions, by currency and settlement venue [See explanatory notes]	Quarterly Daily average over quarter	
10.4	Peak daily value and volume of securities settlement instructions, by currency and settlement venue	Quarterly. Quarterly peak	
10.5	Peak daily value of contracts, split by each type of physical commodity and type of security defined as physically settled, delivered by a single participant (and affiliates)	Quarterly Quarterly peak	**Consultation question:** Would this disclosure enable informed market participants to identify individual market participants and, if so, would that be materially commercially prejudicial to CCP participants and why?
11. Central securities depositories (Principle 11)			
	N/A		
12. Exchange of value settlement systems (Principle 12)			
12.1	Percentage of settlements by value effected using a DvP, DvD or PvP settlement mechanism [see explanatory notes]	Quarterly Per cent over quarter	
12.2	Percentage of settlements by volume effected using a DvP, DvD or PvP settlement mechanism [see explanatory notes]	Quarterly Per cent over quarter	
13. Default rules and procedures (Principle 13)			
13.1		Ad-hoc	**Consultation question**: Would it be useful to publish quantitative disclosures following a default, with a suitable lag? (eg amount of loss versus amount of IM; amount of other financial resources used to cover losses; proportion of client positions closed-out /ported (in aggregate such that individual clients/members cannot be identified))? How long after the default would be appropriate?

	Disclosure	Frequency and type of data	Consultation question
14. Segregation and portability (Principle 14)			
14.1	Split of total client positions held in individually segregated vs omnibus accounts (and, where relevant, comingled house and client accounts), by service eg number of clients using an omnibus vs individually segregated account, and total client initial margin held in omnibus vs individually segregated accounts, where available. [See explanatory notes]	Quarterly As at quarter end	
15. General Business risk (Principle 15) [see explanatory notes]			
15.1	(a) Value of liquid net assets funded by equity set aside to cover business risks and (b) minimum amount of liquid net assets funded by equity required to cover six months of current operating expenses [See explanatory notes]	Annual	**Consultation question** Would any CCPs have difficulty providing more frequently eg every six months or quarterly, and would this add significant value?
15.2	Financial disclosures: including, but not limited to, • total revenue, • total expenditure, • profits, • percentage of profit retained and percentage distributed assets, • liabilities. Explain if collateral is on or off balance sheet.	Annual	**Consultation question** Would any CCPs have difficulty providing more frequently eg every six months or quarterly, and would this add significant value?
15.3	Income breakdowns: • fees from provision of clearing services; • income from investments that is retained by the CCP; and • income from other business lines e.g. data services). This should be reported separately for each clearing service (ie for products covered by a segregated default fund), where available.	Annual	**Consultation question** What information on revenue would best give an insight into risks facing the CCP, while respecting commercially sensitivity?
16. Custody and investment risks (Principle 16)			
16.1	Total cash collateral invested, split by IM and default fund/guarantee fund	Quarterly	

16.2	Summary statistics of investment portfolio split by IM and default fund/guarantee fund, where member/client cash collateral is invested at CCP's discretion:
	• secured/unsecured split;
	• break-down of assets invested in;
	  o reverse repo
	  o sovereign debt
	  o time deposit and CD
	  ・ central bank
	  ・ commercial bank
	  o other
	• by currency;
	• maturities (overnight/1 day; over 1 day and up to 1 week; over 1 week and up to 1 month; over 1 month and up to 1 year; over 1 year and up to 2 years; over 2 years);
	• maximum per cent of portfolio accounted for by any single investment counterparty.
		Quarterly	**Consultation question**: What summary statistics could be disclosed without revealing sensitive information? (eg on concentration, maturity)

	Disclosure	Frequency and type of data	Consultation question
16.3	Rehypothecation of member/client non-cash collateral by the CCP where allowed, split by initial margin and default fund/guarantee fund: • total value of non-cash collateral invested • maturities (overnight/1 day; over 1 day and up to 1 week; over 1 week and up to 1 month; over 1 month and up to 1 year; over 1 year and up to 2 years; over 2 years); • maximum per cent of portfolio accounted for by any single investment counterparty.	Quarterly	
17. Operational risk (Principle 17)			
17.1	System performance target over specified period for the system (eg 99.9% over two years) [see explanatory notes]	Quarterly	
17.2	Actual performance of the system over a specified period	Quarterly	
17.3	Summary statistics on incidents of critical system failure – number and duration	Quarterly	
17.4	17.1-17.3 for key outsourced systems if not covered above	Quarterly	
17.5	17.1-17.3 for interoperability arrangements if not covered above	Quarterly	
17.6	Use of CCP's contingency procedures: • number of extensions to system operating hours required over a given period; • duration of extensions.	Quarterly	
17.7	Recovery targets (eg within two hours)	Quarterly	
18. Access and participation requirements (Principle 18)			
18.1	Number of clearing members, by service, split by: • category of membership (eg direct clearing member, general clearing member [see explanatory notes]); • type of participant (central bank, CCP, bank, other); and • domestic or foreign participants. [See explanatory notes]	Quarterly	
18.2	Percentage of net open positions held by the top 5 and 10 clearing members in aggregate, by product as appropriate	Average and peak end-of-day value in previous quarter	**Consultation question**: Could these metrics reveal information about individual members? If so, how should information about concentration across members be conveyed?
18.3	Percentage of initial margin posted by the top 5 and 10 clearing members in aggregate, by service as appropriate	Average and peak end-of-day value in previous quarter	
18.4	Percentage of participant contributions to the default fund contributed by top 5 and 10 clearing members in aggregate, by segregated default fund	Quarterly (end of quarter value)	
18.5	Count of clearing members with [more than 10%, 5-10%, less than 5%] of initial margin.	Quarterly	

	Disclosure	Frequency and type of data	Consultation question
19. Tiered participation arrangements (Principle 19)			
19.1	Measures of concentration of client clearing, where achievable: Number of clients? Number of direct members that clear for clients? Per cent of client transactions (by total volume, by total value, by total IM) attributable to the top 5 and 10 clearing members? Count of members with [more than 10%, 5-10%, less than 5%] of client initial margin/transaction volumes	Quarterly	**Consultation question**: Could these metrics reveal information about individual members? If so, how should information about concentration of client clearing be conveyed? Do CCPs have access to all the requested information?
20. FMI Links (Principle 20)			
Interoperability			
20.1	Number and value of trades cleared through each link, by product and currency – as a share of total trades/total notional values cleared [see explanatory notes]	Quarterly	
20.2	Initial margin provided to each linked CCP on contracts cleared across link	Quarterly	
20.3	Initial margin collected from each linked CCP on contracts cleared across link (at market value and post-haircut)	Quarterly	
20.4	Results of back-testing of coverage of initial margin on trades cleared through each link. At a minimum this should include: (a) Number of times over the past year that margin coverage held against each linked CCP fell below the actual marked-to-market exposure of that CCP – based on daily back testing results* (b) Number of observations (i.e. number of accounts multiplied by number of days covered in the back test) (c) Achieved coverage level i.e. [(b) – (a)]/(b) *specify if measured intraday/continuously or only once a day. If once a day, specify at what time of day.	Quarterly	**Consultation question**: How could this information best be presented to provide meaningful information across CCPs while avoiding disproportionate reporting burden?
20.5	Additional collateral provided on contracts cleared across each link (if any) [see explanatory notes]	Quarterly	
20.6	Additional collateral collected on contracts cleared across each link (if any) [see explanatory notes]	Quarterly	
Cross margining			
20.7	Number and value of trades subject to cross margining, by product and currency, as a share of total trades/total notional values cleared	Quarterly	
20.8	Number of members participating in cross-margining	Quarterly	**Consultation question**: If the number of members participating in the cross-margining arrangement is fewer than 5, the CCP should consider whether 20.6-20.7 can be disclosed without revealing information about individual member positions

	Disclosure	Frequency and type of data	Consultation question
21.	**Efficiency and effectiveness (Principle 21)**		
	No quantitative disclosures		
22.	**Communication procedures and standards (Principle 22)**		
	No quantitative disclosures		
23.	**Disclosure of rules, key procedures, and market data (Principle 23)**		
23.1	Average daily volumes and notional values of new trades cleared, by instrument/asset class, by currency, and split by OTC or exchange-traded [See explanatory notes]	Quarterly Daily average over the quarter	
23.2	Peak daily volumes and notional values of new trades cleared, by instrument/asset class and currency and split by OTC or exchange-traded [See explanatory notes]	Quarterly Quarterly peak	
23.3	Open interest/notional outstanding per instrument/asset class and currency and split by OTC or exchange-traded [See explanatory notes]	Quarterly At end of quarter	
23.4	23.1 – 23.3 for client positions only, where available	Quarterly	
23.5	Ranking of top five member jurisdictions based on open interest held by direct clearing members incorporated in these jurisdictions [See explanatory notes]	Quarterly	
23.6	Ranking of top five member jurisdictions based on initial margin posted by direct clearing members incorporated in these jurisdictions [See explanatory notes]	Quarterly	
23.7	Contract values submitted by each execution facility or matching/confirmation venue	Quarterly	
23.8	Fees at the level of individual services – per product	Quarterly. CCPs should list all changes made during the quarter including effective dates	
24.	**Disclosure of market data by trade repositories (Principle 24)**		
	N/A		

Explanatory notes

These explanatory notes support the quantitative disclosure matrix for CCPs, providing: (i) general instructions for completing the matrix; and (ii) more detailed guidance regarding selected items in the matrix. The quantitative disclosure matrix should also be read in conjunction with the CPSS IOSCO *Principles for financial market infrastructures* and the related CPSS-IOSCO *Disclosure framework*.

General instructions

- **Confidential information**: Disclosures should not reveal confidential information about individual clearing members, clients or other relevant stakeholders.
- **Frequency**: Disclosures should be made with the frequency requested in the disclosure matrix (ie. quarterly or annually). Certain items request quarterly disclosures 'over the past year' – these disclosures should be made every quarter, covering the preceding twelve months.
- **Reporting lag**: CPSS and IOSCO recognise that some reporting lag may be necessary, however, in order to ensure relevant information is made available, a reporting lag of no more than one month is suggested.
- **Disclosure 'by clearing service'**: Disclosure of certain items is requested 'for each clearing service', which is defined to mean products covered by a segregated default fund. CCPs are encouraged to provide more granularity where this would increase the usefulness of the data.
- **Clarifying comments**: CCPs are encouraged to provide clarifying remarks alongside their disclosures where they consider this will aid understanding or that there may otherwise be a risk of misinterpretation.
- **Definition of client**: Throughout this document the term 'client' is used to refer to a market participant who accesses the CCP indirectly, through a clearing member (also known as a customer or an indirect participant).

Principle-by-principle notes

Principle 4: Credit risk

Item 4.2: This item requests disclosures 'at quarter end'. If a CCP does not consider the composition of collateral at quarter end to be representative, it is encouraged to provide explanatory notes outlining why this is the case. CCPs are also encouraged to disclose any limits on the amount of collateral of a particular type that the CCP will accept if this will assist in enabling a clear understanding of risks. CCPs should detail their main settlement currencies. Where pay-out obligations in currencies other than local currency, US Dollar and euro are material, CCPs are encouraged to give further detail of the currency split of default resources.

Item 4.3: This item requests high-level disclosure of the results of a CCP's stress-testing of its financial resources. CCPs should specify in their supporting comments to the matrix whether they are subject to a "Cover 1" or "Cover 2" requirement in relation to their total pre-funded default resources, but should report both results so that actual default resources can be compared with both reference points.

Principle 5: Collateral

Item 5.1: CCPs are encouraged to explain where concentration limits or charges are also applied in addition to normal haircuts.

Principle 6: Margin

Separate disclosures should be made for each clearing service and each margin model used in that clearing service.

Item 6.1: In this item, CCPs should report initial margin *required* – at least at the level of each clearing service. CPSS and IOSCO acknowledge that practices for calculating initial margin requirements vary across CCPs, and propose that CCPs report 'base-line' initial margin; 'add-ons'; and 'retained MTM/VM' (where relevant). Items reported under 'add-ons' should reflect any additions to margin required from base-line initial margin and routine scheduled collections – eg margin requested to cover specific risks (including, but not limited to liquidity risk, concentration risk, correlation risk, wrong-way risk) where these risks are not covered in the base-line calculation or margin requested on a 'non-routine' basis (eg ad-hoc intraday calls). CCPs are encouraged to provide an explanatory note on the expiration period of products they clear where this would help to facilitate interpretation of the margin data, eg because margin is returned on or following particular contract expiration dates.

Item 6.2: Disclosures under this item should reflect the total value of initial margin actually *posted* by direct and indirect members (as opposed to item 6.1, which should cover initial margin *required*). Where pay-out obligations in currencies other than local currency, US Dollar and euro are material, CCPs are encouraged to give further detail of the currency split of default resources.

Items 6.3 and 6.4: CPSS and IOSCO recognise that models and approaches to margining may vary across CCPs. Where the items listed are not specifically relevant for a CCP, other key assumptions and parameters should be disclosed and the items listed should be used as a guide to the types of disclosures and level of details that is expected regarding initial margin assumptions and parameters.

Item 6.5: At a minimum, CCPs are expected to disclose the achieved margin coverage ratio for each clearing service and margin model and the value of any uncovered exposures.

Item 6.6: CCPs are expected to disclose the total of variation margin called from participants each day and/or the increase in total clearing fund each day. Depending on the type of financial product cleared (eg derivatives as opposed to equity or fixed income securities), one or both of these metrics capturing payment flows to and from the CCP may be appropriate.

Principle 7: Liquidity Risk

Relevant currencies refers to currencies in which the CCP is obliged to make pay outs.

Items 7.1 and 7.2: CCPs should refer to paragraphs 3.7.10 and 3.7.11 of the Principles for a definition of 'qualifying liquid resources' and 'supplementary liquidity risk resources'. CCPs are not asked to disclose the names of providers of liquidity resources.

Item 7.3: This item requests high-level disclosure of the results of a CCP's stress-testing of its liquid resources, both in aggregate and by currency.

Principle 8: Settlement finality

Item 8.1: Failure of securities trades to settle is not necessarily within the control of the CCP; further, the Principles recognise that failures-to-deliver may occur. Nevertheless, disclosure of information by a CCP on the frequency of failures-to-deliver can provide useful information on the characteristics of the underlying market.

Principle 9: Money settlements

Items 9.1 and 9.2: These should be the sum of variation margin, initial margin and money settlements across all participants. If not clear from context, specify if figures are provided on a net or gross basis.

Principle 10: Physical deliveries

Items 10.1 – 10.2 seek disclosures on all physically delivered contracts, while items **10.3 and 10.4** request additional disclosures on securities.

Item 10.1: This might include contracts for which the CCP is directly involved in the storage and delivery of the commodity/security. CCPs should refer to paragraphs 3.10.2 – 3.10.5 of the Principles for further guidance.

Principle 12: Exchange of value settlement systems

Items 12.1 and 12.2: The requested percentages refer only to exchange-of-value settlements to which the CCP is a counterparty, and not, for example, to settlement of variation margin payment obligations, or collection and return of initial margin. Gross and net settlement models may qualify as DvP, PvP or DvD, providing that the final settlement of one leg of the exchange occurs if and only if the final settlement of the other leg also occurs.

Principle 14: Segregation and portability

Item 14.1: Disclosures under item 14.1 give quantitative data on the degree of segregation of client assets. Although some CCPs may be unable to disclose particular items (eg CCPs may not know the number of clients covered by omnibus accounts), CCPs should complete this item with as much information as is available.

Principle 15: General business risk

A CCP that discloses these items in a publicly available annual report would meet this standard, but should also include the data in the quantitative disclosure report so that it is readily available in a single place.

Item 15.1: The Principles state that a CCP should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses. Under this item a CCP should disclose the amount of liquid net assets it holds to meet this standard, which should, at a minimum, equal at least six months of current operating expenses.

Principle 17: Operational risk

Items 17.1, 17.2, 17.3 and 17.4 and 17.6 and 17.7: CCPs should make clear to which system or systems performance targets apply.

Principle 18: Access and participation

Item 18.1: It is assumed for the purposes of this disclosure that participants would be the legal entities with which the CCP has a counterparty relationship as a clearing member – CCPs should specify if they are using some other basis to define number of participants. Disclosures in this section would not therefore extend to clients. CCPs should report 'category of membership' as relevant to their business. Where relevant, members should at least differentiate between clearing members that clear their own trades through a CCP and also offer access to the CCP to their clients (often referred to as 'general clearing members') and clearing members that only clear their own trades (often referred to as 'direct clearing members').

Principle 20: FMI links

Items 20.1 to 20.6: CCPs should identify each link and cross-margining arrangement in their supporting comments so that quantitative disclosures can be tied to a specific link.

Items 20.5 and 20.6: "Additional collateral" refers to additional funds in excess of initial margin, for example additional margin in lieu of, or as, default fund contributions. CCPs should provide clarifying comments as necessary.

Principle 23: Disclosure of rules, key procedures, and market data

Items 23.1, 23.2 and 23.3: These items are intended to capture the daily *flow* of clearing activity, while item 23.3 should capture the *stock*.

Item 23.5 and 23.6: It is assumed that these disclosures will be based on the country of incorporation of the legal entities with which the CCP has a counterparty relationship as a clearing member. Where the ranking of jurisdictions would be different if based on the country of incorporation of the parent of these legal entities, CCPs are encouraged also to disclose this.