



Press release

Press enquiries: + 3491 787 0419
press@iosco.org
www.iosco.org

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CPMI and IOSCO publish for public comment a paper on CCP auctions

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) today published for public comment [A discussion paper on central counterparty default management auctions](#).

Central counterparties (CCPs) have become increasingly critical components of the financial system in recent years, due in part to the introduction of mandatory clearing for standardised OTC derivatives in some jurisdictions. Consistent with the key responsibility of guaranteeing the fulfilment of transactions to their clearing participants, CCPs play an important role in mitigating contagion in the event of a participant default. A CCP's ability to effectively manage a default is essential to its resilience and can help reduce systemic risk.

A default management auction is one of the tools that a CCP may use to transfer a defaulting participant's positions to a non-defaulting participant, thereby restoring the CCP to a matched book. In response to the public consultation that resulted in the revised report on [Recovery of financial market infrastructures](#) (2017), CPMI-IOSCO agreed that follow-up work should be conducted in the area of CCPs' default management auctions

This discussion paper focuses on five key aspects of a CCP's default management auctions: (i) governance; (ii) considerations for a successful default management auction; (iii) operational considerations; (iv) client participation; and (v) default of a common participant across multiple CCPs. It aims to facilitate the sharing of existing practices and views on default management auctions, and to foster dialogue on the key concepts, processes and operational aspects used by CCPs in planning and executing effective default management auctions. Additionally, the discussion paper identifies certain considerations that may be useful for CCPs to take into account when planning for auctions.

Published with this report is [a cover note](#) listing some of the specific issues on which the CPMI and IOSCO are soliciting input. Comments should be submitted by **Friday 9 August 2019** using the link [here](#).



Notes

1. The Committee on Payment and Settlement Systems (CPSS) changed its name to the Committee on Payments and Market Infrastructures (CPMI) on 1 September 2014. The CPMI promotes the safety and efficiency of payment, clearing, settlement and related arrangements, thereby supporting financial stability and the wider economy. The CPMI secretariat is hosted by the BIS. More information about the CPMI, and all its publications, can be found on the [BIS website](#).
2. IOSCO is the leading international policy forum for securities regulators and is recognised as the global standard setter for securities regulation. The organisation's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions. See www.iosco.org.
3. Both committees (CPMI and IOSCO) are recognised as international standard-setting bodies by the [Financial Stability Board](#).