
Press release

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CPMI and IOSCO publish a discussion paper on CCPs' practices for addressing non-default losses

- CPMI and IOSCO seek input on discussion paper focusing on central counterparty (CCP) practices to address non-default losses (NDLs), such as losses from cyber attacks.
- As non-default events can threaten a CCP's viability, CCPs need to have policies, procedures and plans to address NDLs if they materialise.
- The report seeks to advance industry efforts and foster dialogue on CCPs' management of potential losses arising from NDLs.

The Bank for International Settlements' 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 (CCP) practices to address non-default losses (NDL).

CCPs have become increasingly important in the financial system for managing counterparty risk, especially since the introduction of the clearing obligation for standardised OTC derivatives following the 2007–09 global financial crisis. Therefore, the resilience of CCPs in case of losses and liquidity shortfalls – whether they arise from the default of CCP clearing members or from non-default events (eg losses from cyber attacks) – has become critical for financial stability.

Non-default events can threaten a CCP's viability as a going concern and its ability to continue providing critical services. Therefore, according to the [Principles for financial market infrastructures](#) (PFMI), CCPs must take action and have policies, procedures and plans for addressing NDLs, in addition to a sound risk management framework to mitigate and manage those risks.

This discussion paper seeks to advance industry efforts and foster dialogue on the key concepts and processes used by CCPs. It outlines current practices at various CCPs to address NDLs in business as usual (BAU), recovery and orderly wind-down scenarios.

The discussion paper is not intended to create additional standards for CCPs beyond those set out in the PFMI. Nor is it intended to be an assessment of whether CCPs have appropriately implemented the standards set out in the PFMI regarding NDLs.

Published with this report is a [cover note](#) listing some of the specific issues on which the CPMI and IOSCO are soliciting input from industry and the broader public. The purpose of the paper is to elicit comments and feedback from a broad range of interested stakeholders.

The CPMI and IOSCO invite input on the report by 4 October 2022. Responses should be sent via email to the CPMI Secretariat (cpmi@bis.org) and the IOSCO Secretariat (consultation-05-2022@iosco.org). Responses will be published on the websites of the BIS and IOSCO unless respondents expressly request otherwise. Commercial or other sensitive information should not be included in the submissions, or may be included, with redactions for publication clearly noted.