

SECRETARY GENERAL

July 2012

Dear ,<sup>1</sup>

I am writing to request the participation of your organisation in a voluntary information collection exercise being conducted on behalf of the Financial Stability Board regarding market infrastructures for clearing, reporting and trading of OTC derivatives.

As you may know, at the 2009 Pittsburgh Summit, the G20 Leaders committed to a series of OTC derivatives reforms relating to central clearing, reporting to trade repositories and use of organised trading platforms. The FSB subsequently issued a set of recommendations in 2010 addressing practical issues in implementing the OTC derivatives market reforms and is continuously monitoring progress in implementation. Since 2011, the FSB has published twice-yearly reports on progress (with reports in April 2011, October 2011 and June 2012).

For these previous reports, the FSB gathered information primarily through surveys of FSB member jurisdictions' work plans and progress in putting in place OTC derivatives regulatory and legislative reforms.<sup>2</sup>

For the next progress report, to be published in October 2012, the FSB OTC Derivatives Working Group (ODWG) plans to focus on reporting on the current availability of market infrastructures, including central clearing, trade repositories and electronic trading platforms. The objective is to complement the earlier responses to the surveys of jurisdictions by gathering more detailed information from the entities that provide clearing services, act as trade repositories and provide electronic platforms for trading.

Enclosed is a survey that aims to gather information from central counterparties (CCPs) in order to develop a deeper understanding of the current state of central clearing, and the potential to expand activities.

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<sup>1</sup> Companion document to the FSB's OTC Derivatives Market Reforms: Fourth Progress Report on Implementation, published October 2012.

<sup>2</sup> Each progress report contains a summary of the responses from the jurisdictions in the appendices.

The FSB recognises that some of this information may be available from other sources. Where this is the case, please indicate in your response where the information can be found.

Please note that your responses will be shared with staff from the member organisations of the FSB's ODWG and the FSB secretariat. This survey is intended purely as a fact-finding exercise about the current availability of market infrastructure, and no questions should be interpreted as carrying any implications about current or future regulation or oversight by the member organisations of the FSB. Attached is a list of current ODWG members for your information. (The member organisations and the staff appointed from those organisations to the FSB's ODWG may change from time to time.)

Information that you provide may also be published, in detailed or summary form, in the FSB's October 2012 implementation progress report. As such, please provide information that can be made public. I recognise that some questions on the survey may request information that has not previously been made public. To the extent that you would like any information to be kept non-public - meaning that it would not be published in the progress report in a form identifiable as relating to your organisation - please indicate this on the survey. In the event that you have any questions about the confidentiality or potential disclosure of information, please contact the FSB secretariat members listed below.

For information on prior FSB progress reports on OTC derivatives implementation, please see the June 2012, October 2011 and April 2011 progress reports on the FSB website ([http://www.financialstabilityboard.org/list/fsb\\_publications/index.htm](http://www.financialstabilityboard.org/list/fsb_publications/index.htm)).

The FSB will publish its next report in late October. As a result, we are asking for a response no later than 6 August 2012.

Please send responses via email to [uzma.wahhab@bis.org](mailto:uzma.wahhab@bis.org) and [ruth.walters@bis.org](mailto:ruth.walters@bis.org) in the FSB Secretariat.

If you have any questions, please do not hesitate to contact myself or Uzma Wahhab at [uzma.wahhab@bis.org](mailto:uzma.wahhab@bis.org), +41 61 280 8703.

We greatly appreciate your participation in this exercise.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Svein Andresen'. The signature is fluid and cursive, with a large loop at the end of the first name.

Svein Andresen

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## Members of the OTC Derivatives Working Group

### Co-Chairs

**Sarah Casey Otte** (representing IOSCO)  
Assistant Director, Office of Derivatives Policy  
Division of Trading and Markets  
Securities and Exchange Commission

**Jeanmarie Davis** (representing CPSS)  
Senior Vice President, Financial Market Infrastructure Function  
Financial Institution Supervision Group  
Federal Reserve Bank of New York

**Patrick Pearson**  
Head of Financial Markets Infrastructure  
Internal Market DG  
European Commission

### Australia

**Damien Scholefield**  
Senior Manager, Exchange Market Operators  
Australian Securities and Investments Commission

### Brazil

**Otavio Yazbek**  
Commissioner  
Comissão de Valores Mobiliários (CVM)

### Canada

**Elizabeth Woodman**  
Principal Researcher, Markets Infrastructure Division  
Financial Markets Department  
Bank of Canada

### China

**Kong Yan**  
Director, Bonds Products Supervision Division  
People's Bank of China

### France

**Carole Uzan**  
Autorité des marchés financiers (AMF)

### Germany

**Thomas Schmitz-Lippert**  
Executive Director, International Policy/Affairs  
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)

**Martin Ockler**  
Higher Executive Officer, Financial Stability Department  
Deutsche Bundesbank

**Hong Kong**                      **Daryl Ho**  
Head of Market Development Division  
Hong Kong Monetary Authority

**Japan**                              **Jun Mizuguchi**  
Assistant Commissioner for International Affairs  
Financial Services Agency

**Korea**                              **Choi Sang Ah**  
Director  
Financial Services Commission

**Singapore**                      **Tiak-Peow Phua**  
Deputy Director, Capital Markets Policy  
Monetary Authority of Singapore

**Switzerland**                      **Michael Manz**  
Head, International Finance and Financial Stability  
Swiss Federal Department of Finance FDF  
State Secretariat for International Finance SIF

**UK**                                      **Anne Wetherilt**  
Senior Manager, Payments and Infrastructure Division  
Bank of England

**David Bailey**  
Acting Head of Market Infrastructure and Policy Department,  
Markets Division  
Financial Services Authority

**USA**                                      **Warren Gorlick**  
Associate Director, Office of International Affairs  
Commodity Futures Trading Commission

**Kim Allen**  
Senior Special Counsel, Division of Trading and Markets  
Securities and Exchange Commission

**Erik Heitfield**  
Chief, Risk Analysis Section  
Federal Reserve Board of Governors

**ECB**                                      **Andreas Schöenberger**  
Principal Market Infrastructure Expert in the Oversight Division  
Directorate General Payment and Market Infrastructure

<b>BIS</b>	<b>Jacob Gyntelberg</b> Senior Economist
<b>BCBS</b>	<b>Raquel Lago</b> Member of Secretariat
<b>IMF</b>	<b>John Kiff</b> Senior Financial Sector Expert
<b>CPSS</b>	<b>Robert Lindley</b> Acting Head of Secretariat
<b>IOSCO</b>	<b>David Wright</b> Secretary General



**FSB**

**Rupert Thorne**  
Deputy Secretary General

**Uzma Wahhab**  
Member of Secretariat

**Ruth Walters**  
Member of Secretariat

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## Survey of OTC Derivatives Central Counterparties

As outlined in the FSB OTC derivatives working group cover letter, the goal of this survey is to gather more detailed information **from central counterparties** (CCPs) on a voluntary basis to develop a deeper understanding of the current state of central clearing, and the potential to expand central clearing, particularly as it relates to the G20 objectives for OTC derivatives markets reforms. While the ODWG recognizes that some of this information may be available from other sources, it has not been collected internationally in a consistent and comparable manner that views the global market and progress holistically.

Similarly to the process used for jurisdictional surveys, individual CCPs' responses to this survey will be made available to the members of the ODWG<sup>3</sup> and published in summary form in the FSB's progress report in the fall of 2012. Any information provided by CCPs in their survey responses may therefore be published by the FSB.

This survey of CCPs is organised into five themes: (i) regulation and supervision; (ii) product availability for clearing, (iii) CCP participants, (iv) links to other entities, and (v) cross-border issues.

In addition to the questions that are included in the following section, the ODWG also requests CCPs to provide any other publicly available analyses or white papers on the availability of clearing that provide relevant additional information to their survey responses.

CCPs are asked to complete the survey and to return it to the entity administering the survey (either the national authority from whom the CCP received the survey or the FSB), with any supporting documentation. There are some questions on the survey that may elicit a response for information that has not previously been made public. To the extent that you would like any information to be kept non-public, please indicate this on the survey.

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<sup>3</sup> A list of participating authorities:  
[http://www.financialstabilityboard.org/publications/r\\_120615.pdf](http://www.financialstabilityboard.org/publications/r_120615.pdf)

CCP Name: \_\_\_\_\_

Names of affiliated CCPs (*i.e.* parent/subsidiary/same parent co.), if any:

\_\_\_\_\_

Survey responses for which entity or entities: \_\_\_\_\_

## Survey for OTC Derivatives Central Counterparties

### Location/Supervision

1. In which jurisdiction(s) do you currently provide services?
2. Are you currently supervised/regulated? \_\_\_\_\_ Yes \_\_\_\_\_ No
3. If yes, under which supervisory or regulatory authority(ies)?

### Product Availability for Central Clearing of OTC Derivatives

Please provide the following information on your institution's current and planned clearing offerings for OTC derivatives:

#### Current clearing offerings

4. Please indicate the asset classes for which clearing services are currently offered:  
**a. Interest rate**    \_\_\_\_\_ Yes            \_\_\_\_\_ No

If yes, please specify if you offer clearing services for the following classes of interest rates:

Fixed-to-floating Swap Class            \_\_\_\_\_ Yes            \_\_\_\_\_ No

Basis Swap Class                            \_\_\_\_\_ Yes            \_\_\_\_\_ No

Forward Rate Agreement Class \_\_\_\_\_ Yes            \_\_\_\_\_ No

Overnight Index Swap Class            \_\_\_\_\_ Yes            \_\_\_\_\_ No

Other Interest Rate Class    \_\_\_\_\_ Yes            \_\_\_\_\_ No

If yes, please specify:

Please indicate the following information for clearing services provided for the **interest** rate asset class as a whole:

Number of trades cleared by direct clearing members in 2010, 2011 and end-June 2012

Number of trades cleared by indirect participants in 2010, 2011 and end-June 2012

Notional outstanding at year end 2010, 2011 and end-June 2012 for direct clearing members

Notional outstanding at year end 2010, 2011 and end-June 2012 for indirect participants

**b. Credit derivatives**  **Yes**  **No**

If yes, please specify if you offer clearing services for the following series of credit derivatives:

5-yr-on the run series	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
5 yr off-the-run-series	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
10-yr-on the run series	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
10 yr off-the-run-series	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Single name CDS	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Multi-name instruments	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Other credit derivatives	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

If yes, please specify:

Please indicate the following information for clearing services provided for the **credit** asset class as a whole:

Number of trades cleared by direct clearing members in 2010, 2011 and end-June 2012

Number of trades cleared by indirect participants in 2010, 2011 and end-June 2012

Notional outstanding at year end 2010, 2011 and end-June 2012 for direct clearing members

Notional outstanding at year end 2010, 2011 and end-June 2012 for indirect participants

**c. Commodity**  **Yes**  **No**

If yes, please specify whether you offer clearing services for the following types of commodities derivatives:

Energy	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Metals	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Other	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

If yes, please specify

Please indicate the following information for clearing services provided for the **commodities** asset class as a whole:



Number of trades cleared by direct clearing members in 2010, 2011 and end-June 2012

Number of trades cleared by indirect participants in 2010, 2011 and end-June 2012

Notional outstanding at year end 2010, 2011 and end-June 2012 for direct clearing members

Notional outstanding at year end 2010, 2011 and end-June 2012 for indirect participants

**d. Currency**       **Yes**       **No**

If yes, please indicate whether you offer clearing services for the following types of currency derivatives:

FX-Non-deliverable forwards       Yes        
No

FX-Vanilla Non-deliverable Options       Yes        
No

FX-Simple exotic options       Yes       No

FX-Other       Yes        
No

If yes, please specify

Are any of the products you clear in this asset class short-term products(2 year or less)?

If yes, please specify

Please indicate the following information for clearing services provided for the **currency** asset class as a whole:

Number of trades cleared by direct clearing members in 2010, 2011 and end-June 2012

Number of trades cleared by indirect participants in 2010, 2011 and end-June 2012

Notional outstanding at year end 2010, 2011 and end-June 2012 for direct clearing members

Notional outstanding at year end 2010 and 2011 for indirect participants

**e. Equity**       **Yes**       **No**

If yes, please specify whether you offer clearing services for the following categories of swaps:

Equity swaps       Yes       No

OTC Equity options       Yes       No

Other equity products or sub-products:  Yes       No

If yes, please indicate:

Please indicate the following information for clearing services provided for the OTC **equity** asset class as a whole:

Number of trades cleared by direct clearing members in 2010, 2011 and end-June 2012

Number of trades cleared by indirect participants in 2010, 2011 and end-June 2012

Notional outstanding at year end 2010, 2011 and end-June 2012 for direct clearing members

Notional outstanding at year end 2010, 2011 and end-June 2012 for indirect participants

5. For clearing services which your institution currently offers, please provide the following information:
- In what currencies do you currently clear?
  - How do you ensure sufficient liquidity in each currency (e.g. through liquid assets, lines of credit or other arrangements) to meet your daily obligations?
  - In light of the CPSS-IOSCO's *Principles for financial market infrastructures* or other guidance, do you anticipate taking additional steps to ensure sufficient liquidity in each currency?

#### Planned clearing offerings

6. Additional asset classes for which clearing offerings are planned and estimated timetable for implementation (to the extent publicly disclosable).
7. For each asset class your institution identified in Question 4 above, please indicate whether the products in the pipeline are in any of the subcategories identified in Question 4 (above), to the extent this is publicly disclosable.
8. What has your typical timeline been to launch a new OTC derivative product for central clearing?
- In the timeline, please include time estimates of the key milestones (e.g. decision to offer a product, internal risk modelling and market and liquidity analysis, regulatory approval (if appropriate), and operational readiness for launch).
9. What challenges, if any, does your institution face with respect to making progress on the product offering(s) currently in the pipeline?

#### **CCP Participants**

10. Please indicate the number of direct clearing members:

- a. How many of these direct clearing members are located in your home jurisdiction?
11. Please indicate the number of indirect participants:
  - a. How many of these indirect participants are located in your home jurisdiction?
12. Please describe your institution's approach to facilitating trades from non-members to be cleared. This should include the approach to clients of clearing members and other indirect clearing relationships (such as client-of-client clearing).
13. Does your institution have plans to further expand client and indirect clearing services?
  - a. If so, please describe the nature of these additional offerings, the associated timelines and critical dependencies. Please also describe any challenges your institution faces in broadening such access.
14. Please describe the steps that market participants would need to undertake in order to access your current clearing offerings. In your institution's experience, what is the usual timeframe for new participants to satisfy all of these required steps?

**Links to other entities**

15. Please note the number and location of other infrastructures with which you have operational links:
16. Trade repositories: Number located in a different jurisdiction:
17. CCPs: Number located in a different jurisdiction:
18. Trading platforms/Exchanges: Number located in a different jurisdiction:
19. Please briefly describe the nature of the operational links.
20. For links with other CCPs, do you offer combined netting or margining services?  
 Yes  No  
 If yes, please describe whether cross margining and/or netting is limited to OTC derivatives products (by product class or cross-product) or extends to other products such as non-derivatives products and whether cross-margining is offered only within the same entity or across entities.
21. Have you announced plans to explore operational links with other infrastructures?  
 Yes  No

If yes, please list the entities, including the type of infrastructure and their location.

22. Please note whether you offer any ancillary services, such as trade compression, collateral management, electronic trade confirmation or portfolio reconciliation services, if relevant.

**Cross-border issues**

23. Please briefly describe your arrangements for the provision of, or plans to provide, cross-border access to clearing services and outline any particular issues that have arisen. Have these issues resulted in your needing to make changes to your planned services?