

Post-trade risk and custody services

CCP Risk Assessments

Central Counterparties (CCPs) have now taken a systemically important role in resolving many of the issues that triggered the 2007 global financial crises, not only in clearing OTC derivatives markets but domestic cash markets. However, each CCP has its own way of operating, different margin models, risk waterfalls, financial, ownership and governance models. How do you assess if these infrastructure institutions are fit for purpose?

There is huge potential for systemic risk in CCPs, and the consequences of a CCP failure could be very serious for clearing members, their clients and the market at large. What happens to your collateral contribution in the event of a default? What happens to your open positions? If a major participant at the CCP goes into default, how quickly does your collateral come under threat?

aembers must be trading members of the respective uniation margin from clearing members. The margin prions and OTC FX contracts. In the one that the er- aembers will have to replenish the futures & options	a methodology in CME SPAN for futures & sloting funds are not sufficient, dearing				
Treasury & Liquidity Kisk Summary the OF has four convestintion basis and eleves pa OF a non-anti-and pavoid cash investment nervice intergementers to realize parentists to the OF. On a report of government bills. Highle collateral for h excition, gold ballion, letter of crudit, el.: Non-cast each justices: the OFP necessary the heardfalory.	is, whilst the payment basis are used by the sh deposits from clearing members are invested hilds margin includes cash, government, h collateral is transferred to the CCP by way of	Treasury & Liquidity Risk			
sseet Safety Risk Summary to CO maintains house accounts and musikon clies ensum are categorised into various types accounts calitation is legity suggested for operationally ones new and suggisticates in the UC, build margin is rolo multi-account. Portability of client positions is also	g to the type of transactions they record. Client mingled (530°C), which is in compliance with the solated separately for each client under the same	Asset Safety Risk Portability of positionalis in place, No concrete information			
inancial Risk Summary	Thomas Murray				CCP Risk Assessment
torn clearing members, which report CP's immediate parent company inf company. The ultimate holding ecop egisterrellin Delaware, the U.S.	ICE Clear Europe Ltd				
Derational Risk Summary lades are matched on their respect brough the weekly cheating-yiele. IC					Publication Date August 2023
sense the implementation of policy is SMIPT network to facilitate straig navailable, processing will be transf	The Thomas Marray Transpa Index	Additional cide* REDCY	t tur 1000au		
sense the implementation of policy in SWIPT network to definite straig consultable, proceeding will be transf asymptotic strain of the sense of the law exemution of the sense of the horn are independent. Risk Commit- n. Audit Committee.	Index	Cyber Security *Additional risk overall amenum	0 Hope 1000 In-		tincluded within the
some the independential of plata annulation proving will be transf in the proving will be transf in the plate of the plate of the description of the plate of the plate description of the plate of the plate of the OCP I generative the plate of the plate of the plate of the OCP I Government of the NGC Plate of the splate of the plate of the plate of the plate of the splate of the OCP I	Level of gablic disclosure to their parties engineered with the assessment	Cyber Security *Additional risk overall amenum	0 Hope 1000 In-		tischel within the
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	Index m	Cyber Security *Additional risk overall amenum	0 Hope 1000 In-		t included within the
Integrable and an energy of a bit of the second sec	Index Index Index	Cyber Security - Additional risk overall assessme and	0 from 1000 kern	nar Herry, no	
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	Index Index Index	Cyber Security *Additional risk overall amenum	0 for 100 km		
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	Index Territoria de la desense total	Cher Security Additional dia coordi anoma and Exchange: Traded Deriv Yre	0 fror 2000 areas assessed by The of athers 1	nar Marny, so TC Derivative In	5
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	Index Territoria de la desense total	Color Security Color Security Additional risk overall assesses and Exchange Traded Derb	0 for 100 km	nar Herny, no	
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	Internet of the second	Cler Society - Additional Indi - Additional India - Additional India	E nor anno de la Trainina de la compositiva de l	nar Marny, so TC Derivative In	s Ober
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	International Action of the Ac	Cler Society - Additional Indi - Additional India - Additional India	E nor anno de la Trainina de la compositiva de l	nar Marny, so TC Derivative In	s Ober
some the injustration of point annual data, successing will be trans- distribution of the second second second data and the second second second second second second data and the second second second second second second second data and the second	International Control of Control	Cher Society - Cher S	* not and the second se	TC Derivative re PX Na	o Obwr No Thoras Marry

All of these questions, and more, are hugely important in making a

decision as to which CCP(s) best fit investor needs. Clearing houses operate within a competitive environment, a risk in itself, so investors have choice and it is imperative that they make the right choice.

Thomas Murray established an industry-driven central counterparty (CCP) risk assessment programme in 2013, which supports global regulatory imperatives to assess and monitor CCPs as risk concentrating vehicles. The CCP Risk Assessment looks to determine the extent to which the CCP manages your risk burden. Each assessment brings transparency to the industry for the benefit of users, and offers cost savings to regulated firms that are required to perform due diligence and risk assessments on CCPs.

The Thomas Murray methodology for a CCP Risk Assessment covers six core risks: Counterparty, Liquidity, Asset Safety, Financial, Operational, and Governance and Transparency.

A list of CCPs covered by the service is available on request.

To find out more contact:



Jim Micklethwaite Managing Director | Head of Financial Markets jmicklethwaite@thomasmurray.com



Derek Duggan Managing Director | Banks dduggan@thomasmurray.com

Copyright © 2024 Thomas Murray Network Management Limited, registered in England & Wales as company no. 03313014.

Tel: +44 (0) 20 8600 2300 | Email: enquiries@thomasmurray.com | thomasmurray.com