

# Post-trade risk and custody specialists

## Thomas Murray 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?

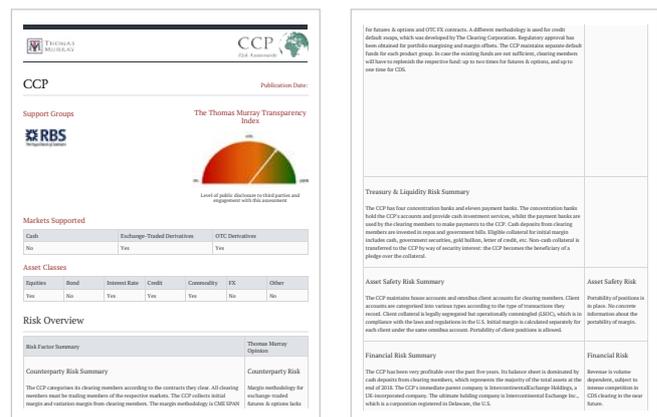
All of these questions, and more, are hugely important in making a decision as to which CCP(s) best fit investor needs. Clearing houses operate within a competitive environment, a risk in itself, so investors have choice and it is imperative that they make the right choice.

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 & Transparency.

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



The screenshot displays a detailed CCP Risk Assessment report. It includes a header with the Thomas Murray logo and 'CCP Risk Assessment' title. Below this, there's a 'Support Groups' section with the RBS logo and a 'The Thomas Murray Transparency Index' gauge. A 'Markets Supported' table lists Cash, Exchange-Traded Derivatives, and OTC Derivatives. An 'Asset Classes' table lists Equities, Bond, Interest Rate, Credit, Commodity, FX, and Other. A 'Risk Overview' section contains a 'Risk Factor Summary' table and a 'Counterparty Risk' section. The 'Counterparty Risk' section includes a 'Counterparty Risk Summary' and a 'Counterparty Risk' table. The 'Financial Risk Summary' and 'Financial Risk' table are also visible. The report concludes with a 'Financial Risk' section.

### More Information

If you are interested in CCP Risk Assessments, please contact:

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