

CCP Recovery and Resolution: How to avoid pro-cyclicality and increased systemic risk in distressed markets?

9 June 2017 | Gustav Mahlerlaan 10, Amsterdam, The Netherlands

The use of central counterparties (CCPs) has increased markedly in recent years. The decision to shift from bilateral to central clearing of standardised over-the-counter derivatives concentrates risks in a couple of CCPs, which has potentially negative effects on the financial sector and the broader economy in the unlikely event that a CCP fails.

The European Commission's proposal for a recovery and resolution framework should address these risks, resolving distressed CCPs in an orderly manner without resorting to the use of taxpayers' money. Two critical elements for the credibility of this framework are the distribution of the losses from the resolved CCP and the coordination of the resolution activities. These and other elements of the CCP resolution framework will be debated at the CEPS-ECMI conference on CCP Recovery and Resolution, hosted in Amsterdam by ABN AMRO Clearing. The conference will bring together policymakers, industry representatives and other experts.

Agenda

09:30 – 10:00

Registration and coffee

10:00 – 10:15

Welcome remarks

Boudewijn Duinstra, ABN AMRO Clearing

10:15 – 11:30

Session I - Who should cover the losses in case of CCP resolution?

The Commission's proposal gives the resolution authorities several options for distributing the remaining losses in the case of CCP resolution, including cash calls and variation margin gains haircuts (VMGH). Although this may avoid implicating taxpayers' money, it may also change the behaviour of CCPs, their members and clients of the CCP members. How would the resolution losses be best covered? Should the creditor waterfall be further restricted or expanded? Is there a need for ex-ante disclosure of the waterfall?

Patrick Pearson, European Commission

Stephen Fisher, BlackRock

Willem Sprenkeler, Optiver

Jan Bart De Boer, ABN AMRO Clearing

Moderator: **Karel Lannoo**, CEPS/ECMI

CCP Recovery and Resolution:

How to avoid pro-cyclicality and increased systemic risk in distressed markets?

11:30 – 12:45

Session II - Will resolution colleges be equipped to resolve CCPs?

The proposal foresees a pivotal role for resolution authorities in the resolution framework. Together with other authorities such as the resolution authorities and supervisors of both the CCP and its clearing members, they gather in the resolution colleges to coordinate the preparation and execution of the CCP resolutions. Are resolution colleges an appropriate entity for timely and coordinated (cross-border) actions in resolution? Do these colleges have sufficient powers and means for effective resolution? Is the resolution framework Brexit-proof?

Cora van Nieuwenhuizen, Member of the European Parliament (VVD/ALDE)

Elisabeth Ledrut, Single Resolution Board

Ron Berndsen, De Nederlandsche Bank & Tilburg University

Demetria O'Sullivan, ICE Clear Europe

Moderator: **Karel Lannoo**, CEPS/ECMI

12:45 – 13:00

Wrap up & closing remarks

Karel Lannoo, CEPS/ECMI

Jan Bart De Boer, ABN AMRO Clearing

13:00 – 14:00

Sandwich lunch