FSB FINANCIAL STABILITY BOARD

SECRETARY GENERAL

July 2012

Dear ,[1]

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 implementating 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.[2]

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

2 Each progress report contains a summary of the responses from the jurisdictions in the appendices.

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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 ogrgnisation - 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 secertiat 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).

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 and 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, +41 61 280 8703.

We greatly appreciate your participation in this exercise.

Yours sincerely,

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 Schönenberger** Principal Market Infrastructure Expert in the Oversight Division Directorate General Payment and Market Infrastructure

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

FSB	**Rupert Thorne** Deputy Secretary General
	Uzma Wahhab Member of Secretariat
	Ruth Walters Member of Secretariat

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[3] 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.

[3] A list of participating authorities: 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 derivates:

5-yr-on the run series	____ Yes	____ No
5 yr off-the-run-series	____ Yes	____ No
10-yr-on the run series	____ Yes	____ No
10 yr off-the-run-series	____ Yes	____ No
Single name CDS	____ Yes	____ No
Multi-name instruments	____ Yes	____ No
Other credit derivatives	____ Yes	____ 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	____ Yes	____ No
Metals	____ Yes	____ No
Other	____ Yes	____ 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:
    a. In what currencies do you currently clear?
    b. 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?
    c. 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?
    i. 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?