

FSB Consultations on Financial Resources and Tools for Central Counterparty Resolution

Bank of Russia Response

In general, the Bank of Russia supports the proposed toolbox approach as a global standard for central counterparty (CCP) financial resources and tools for resolution. A few specific comments on the proposed questions are outlined below.

Section: Qualitative analysis

Section 4.3 considers the parameters and dimensions necessary to support orderly resolution (e.g. without material adverse effect on financial stability) and to address the implications of the resources and tools on the CCP as a going concern and on clearing members and market participants. Does this section adequately capture the relevant considerations or are there other factors that should be considered, such as synergies, cost efficiencies or offsetting qualities?

We recommend adding to the Report some points about the necessity to use CCP resolution resources and instruments taking into account risks arising from CCP interdependences with other CCPs and FMIs as a whole. We think that it is very important to choose and apply resolution resources and instruments in respect of interdependent CCPs and FMIs together.

We suggest adding following information to the Report. In the context with previous points, we think that CCP resolution resources and instruments should be chosen and applied taking into account the opportunity to use Master Clearing Link Arrangement / Clearing Co-operation Agreement of stressed CCP with another CCP or FMI that are going to continue service stressed CCP clients according to the Agreement. Moreover, vice versa Master Clearing Link Arrangement / Clearing Co-operation Agreement between CCPs/FMIs should be made taking into account available CCP resolution resources and instruments.

Section: Framework for resolution resources and tools

With regard to sizing in each jurisdiction, should the standard specify potential approaches for calibrating the quantum of one or more resolution-specific resources and tools to support resolution?

Possible approaches (criteria) for calibrating the quantum of resources and instruments for CCP resolution (including taking into account the possibility for the competent authority to intervene into the process of the CCPs' financial recovery, i.e. before the CCP exhausts all the available instruments) should be identified in the Report. Within the monitoring of the standard implementation, we suggest the FSB to consider publishing practical examples of applied calibration methods.

To what extent should the standard include transparency into jurisdictions' approaches to calibrating one or more of the resolution-specific resources and tools in the toolbox (such as a function or multiple of the default fund)?

The report should provide flexibility for jurisdictions to choose their own combination of resources and instruments for the CCP resolution. The use of each combination for financial stability purposes would depend on each specific CCP case.

What should be the scope of application for the standard? Should it apply to all systemically important CCPs or just to CCPs that are systemic in more than one jurisdiction?

It is feasible to grant jurisdictions the right to use the standard for CCPs that are recognized as systemically important only in one jurisdiction.