

Qualifying Central Counterparty (QCCP)⁵

1. What should a banking organization consider when determining whether a non-U.S. central counterparty (CCP) is a QCCP under paragraph (1)(ii) of the QCCP definition of the regulatory capital rule?

A banking organization should review the CCP's home-country regulator's implementation of the "Principles for Financial Market Infrastructures" (PFMI) published by the Committee on Payment and Settlement Systems (CPSS) and the technical committee of the International Organization of Securities Commissions (IOSCO), as well as the home-country regulator's application of the PFMI to the CCP.⁶ When conducting its review, a banking organization can take into account analyses conducted by third parties, such as industry associations, law firms or consultants, and monitoring reports on the implementation of the PFMIs published by CPSS and IOSCO.⁷

2. Can banking organizations rely on QCCP designations published by foreign supervisory or regulatory authorities? For example, the European Securities and Markets Authority plans to publish a list of CCPs outside of the European Economic Area that will be recognized as QCCPs under the European Market Infrastructure Regulation and the Capital Requirements Directive IV.

A QCCP designation by a foreign supervisory or regulatory authority alone is not sufficient for a banking organization to determine that a CCP meets the definition of a QCCP under the regulatory capital rule. However, the designation can be presented as supporting evidence in the banking organization's demonstration that the CCP meets the definition of a QCCP under paragraph (1)(iii)(B) of the QCCP definition in section 2 of the regulatory capital rule.

3. Does imposing an uncapped liability exposure to members automatically disqualify a CCP from qualifying as a QCCP?

No. The definition of QCCP in section 2 of the regulatory capital rule does not automatically preclude a CCP that does not cap the liability exposures of its members from meeting the definition of a QCCP under the rule.

4. For CCPs that clear multiple product types, is the QCCP designation made at the clearinghouse legal entity level or at the product level?

If a CCP maintains separate default funds for each product, then a banking organization should conduct separate assessments with respect to each product segment to determine whether the CCP qualifies as a QCCP with respect to that product segment. See definition of QCCP in section 2 of the regulatory capital rule.

⁵ For QCCP questions, see definition of "QCCP" in section 2 of the regulatory capital rule.

⁶ See <http://www.bis.org/publ/cpss101a.pdf>.

⁷ For example, see <http://www.bis.org/publ/cpss111.htm>.