How to Start CCP Business?

Takeaways from high-level workshop from FEAS and CCP12

- CCPs are the buyer to every seller and the seller to every buyer, and thus interpose themselves to all contracts and ensure their performance.
- CCPs maintain a public rulebook, and include regulators and market participants in their governance and/or for advice.
- CCPs perform four main actions: multilateral netting, mark-to-market, collection of initial margin, and mutualisation.
- Three main benefits of a CCP are: efficiency of trade and settlement processing, credit risk mitigation and contract certainty, confidence and transparency for the marketplace.
- The CPMI - IOSCO Principles for Financial Market Infrastructures (PFMIs) are global standards that cover resiliency standards for CCPs.
- Further information on CCPs can be found:

    1. On their websites (public rulebooks),
    2. Local law and regulatory guidance or specifications (public),
    3. CCP12 best practices and discussions with existing CCPs,
    4. Consulting firms specializing in CCPs.

- CCP authorization can also be thought in other jurisdictions, which can enable access from foreign participants into a market.
- CCP collateral policy, investment policy and collateral location is important, and this depends on ensuring the highest degree of safety and local availability of collateral locations.
- Establishing a CCP entails costs, and there is a trade off between the relative costs and benefits of introducing a CCP.
- A regional CCP or cooperation in establishing a CCP may be a suitable option for certain markets and should be investigated.