

From:
To: [CPMI, Service; consultation-06-2021@iosco.org](mailto:CPMI_Service;consultation-06-2021@iosco.org)
Cc:
Subject: CPMI IOSCO: Call for comments on access to central clearing and portability
Date: 24 January 2022 15:55:20
Attachments: [image002.png](#)
[image006.png](#)
[CPMI IOSCO Call for comments on access to central clearing and portability.pdf](#)

Good day

I hope this email finds you well.

Kindly find below the Financial Sector Conduct Authority's review/feedback on the consultative report on *access to central counterparties (CCP) clearing and client-position portability*:

Direct and sponsored access models have been indicated in the paper to shift the responsibility for contributing to the CCP's default or clearing fund to a sponsor.

The paper defines a sponsor as a guarantor of the risk exposures created by the transactions of participants who use direct and sponsored access models to access the CCP.

We have determined the following possible shortcomings:

The paper does not explain the requirements that the sponsor would have to meet in order to perform its functions. These requirements, among others, may include the following:

- Assets and resources - which resources include financial, management and human resources with appropriate experience, to perform functions of a sponsor.
- Governance arrangements such as board and board committees overseeing the activities of the sponsor.
- Risk framework to manage risks associated with performing the functions of a sponsor.
- Supervisory activities and arrangements over the sponsor.

The implication is that the failure of a sponsor to perform its functions, such as contributing to the default fund, can leave a CCP with inadequate financial resources. This may in turn, depending on the size of the default, introduce systemic risk.

With reference to the use of the multiplied margin approach, it is unclear how the default waterfall process would unfold.

Thank you for the opportunity to participate in this review.

Regards,

Ms Keketso Matlebyane

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