Feedback on CPMI-IOSCO: Discussion Paper on Central Counterparty Default Management Auctions

Introduction

Intercontinental Exchange, Inc., on behalf of itself and its subsidiaries (collectively, "ICE") appreciates the opportunity to provide its comments to CPMI-IOSCO on the Discussion Paper on Central Counterparty ("CCP") Default Management Auctions (the "Consultation Paper").[1] ICE looks forward to constructively working with CPMI-IOSCO during this process.

As background, ICE currently operates six registered clearinghouses (collectively, "ICE CCPs"): ICE Clear Credit LLC,[2] ICE Clear Europe Limited,[3] ICE Clear US, Inc.,[4] ICE NGX Inc.,[5] ICE Clear Netherlands[6], and ICE Clear Singapore[7]. ICE has a successful history of clearing exchange traded (ETD) and over-the-counter (OTC) derivatives across a spectrum of asset classes including energy, agriculture and financial products. Accordingly, ICE is keenly interested in the questions and topics raised by CPMI-IOSCO and appreciates the opportunity to comment on the Consultation Paper.

Roles and Responsibilities (Chapter 3)

1. **What are the considerations for a CCP's board when determining whether and how to assign tasks related to the planning and conduct of default management auctions within the CCP's risk management framework? How does the CCP's board identify potential limits to the assigned responsibilities?**

   The CCP's board is responsible for approving the CCP's default management rules including the procedures for conducting default management auctions and providing oversight of the overall default management process. The default management policies and procedures should provide the CCP with sufficient discretion and flexibility to manage a default as each circumstance and market situation is unique.

[1] CPMI-IOSCO – A discussion paper on central counterparty default management auctions – June 2019
[2] ICE Clear Credit is a CFTC registered derivatives clearing organization and has been designated as systemically important pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. ICE Clear Credit is also registered as a securities clearing agency under the Securities Exchange Act of 1934 (the "Exchange Act").
[3] ICE Clear Europe is a CFTC registered derivatives clearing organization and authorized as a central counterparty under the European Market Infrastructure Regulation (EMIR) and relevant United Kingdom law, and a registered securities clearing agency under the Exchange Act.
[4] ICE Clear US is a CFTC registered derivatives clearing organization
[5] ICE Clear NGX is a recognized exchange and clearinghouse under the laws of Alberta, Canada and in the U.S. with a third country European clearinghouse recognition.
[6] ICE Clear Netherlands operates under the Dutch regulatory system and is regulated by the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM). The clearing house has a license in accordance with article 14 of the European Market Infrastructure Regulation (EMIR) No. 648/2012.
[7] ICE Clear Singapore is regulated by the Monetary Authority of Singapore.

The senior management of the CCP is responsible for the planning and execution of the default management processes and default auctions. Senior management should keep the board informed of material developments related to default management processes, auctions and default management drill results all of which allow the Board to identify potential limits to the assigned responsibilities.

2. What different considerations may apply when a CCP's board establishes procedures for consulting external experts, such as independent consultants or clearing members, when designing or conducting a default management auction? How does a CCP's board address such concerns?

The ICE clearinghouse boards consult with their clearing member experts who serve on and participate in the ICE clearinghouse risk committees as a part of the process for approving default management rules and procedures used for conducting a default auction.

A CCP's board should provide discretion for senior management to consult with a broad range of participants, including senior management, risk committees, clearing members, clients and regulators when in the CCP's judgment it deems such consultation necessary in designing and conducting a default management auction.

In terms of implementing a default management committee that is comprised of external representatives, ICE agrees that it is appropriate in certain circumstances for a board to assign certain responsibilities to such a default management committee. ICE however does not believe a default management committee should be mandated for all CCPs.[8] The design and use of a default management committee is complex and must take into account various considerations and interests, including the need for a CCP to take actions quickly and efficiently to liquidate the positions of a defaulting member in a way that protects the positions and resources of the CCP and its non-defaulting members. Global regulators should take into account important considerations when contemplating the use of default management committees including:

- the ability and willingness of clearing members, and their personnel, to participate in such a committee;
- the particular expertise needed for the default management of certain products, and the availability of sufficient personnel at clearing members with such expertise during a time of stress;
- the speed at which a CCP must act, in light of market conditions, the location of the relevant markets and market participants, and other factors;
- the authority, responsibility and duties of members, and

[8] ICE notes that the Commodity and Futures Trading Commission ("CFTC") in its recent proposal to amend the Part 39 regulations (17 CFR Parts 1, 39, and 140, RIN 3038–AE66), is proposing to require a CCP have a default committee comprised of clearing members and other participants that would convene in the event of a member default involving substantial or complex positions. The default committee would be tasked with helping to identify market issues with the proposed CCP actions. ICE does not agree that the default committee should be mandatory and is providing comments to this effect to the CFTC.

- the confidentiality, conflict of interest and resource allocation considerations that arise from clearing member participation in a default committee.

Based on its own experience with default management committees, ICE does not believe a prescriptive approach to utilizing a default management committee is advisable. In ICE's view, a CCP should have the flexibility to determine the appropriate level of involvement of a default management committee of clearing members or market participants depending on the nature of the products cleared and the particular default scenario. For some CCPs, a default management committee is a sensible approach; for others, particularly for a CCP clearing liquid, exchange-traded products, it may be unnecessary. If there is a committee, the scope of involvement, including whether members are required to participate and to what extent and on what basis, and other details, are best handled in the CCP's own rules and procedures.

Considerations for a successful auction (Chapter 4)

3. **Do you agree with the description of a successful auction in the discussion paper? Do you agree with the scenarios identified that would constitute an unsuccessful auction, and are there additional such scenarios?**

   Yes, ICE agrees with the description of a successful auction as well as with the scenarios identified that would constitute an unsuccessful auction.

4. **What are the primary challenges to achieving a successful default auction? In addition to those included in the discussion paper, are there other elements in the design of an auction that a CCP could consider in order to increase the likelihood of a successful auction?**

   While ICE believes the Consultation Paper captures the relevant elements in the design of a default auction, ICE agrees that the primary challenge could be the market conditions at the time of the default and in particular illiquidity of the contracts that comprise the defaulting clearing member's portfolio.

5. **What process/set of factors, including applicable governance, is used/considered to determine whether an auction is successful or unsuccessful? What governance would apply to this determination, including the decision whether to run an additional auction (as opposed to using other tools) and why?**

   The success of an auction will depend on the nature of the position being auctioned, the unique circumstances of the market at the time of the auction and the bidding by the auction participants.

   An unsuccessful auction does not necessarily mean that the default management process and design was flawed. For example, an auction could be unsuccessful if the CCP does not have sufficient default resources to pay the winning bidders. However, even if the CCP has sufficient default resources to pay the winning bidders, a determination will need to be made whether the bids reflect, as noted in the discussion paper, a "reasonable estimate of market value (which may reflect a risk premium)" at the time of the auction. If the bids do not reasonably reflect a "reasonable estimate of market value (which may reflect a risk premium)" at the time of the auction, the CCP could expose itself to claims from interested parties including the trustee of the defaulter's estate, shareholders of the CCP, clearing members who provided contributions to the guaranty fund or who were assessed, and impacted market participants.

The determination of a reasonable estimate of market value, including an appropriate risk premium, will be made by the CCP taking into consideration the market conditions at the time, the available market information at the time, and the nature and extent of bidding at the time.

6. **What are the considerations for CCPs in choosing to utilize auctions as a default management tool? What product categories are most suitable for auctions and what product categories are least suitable for auctions? How do you assess suitability?**

The CCP, in conjunction with its senior management and risk committee, assesses the best liquidation strategies and provides a recommendation to the board. Market type, liquidity and the size of defaulter's portfolio form the basis for deciding the means for re-establishing a matched book. With respect to market type, non-exchange traded markets (i.e., cleared OTC products) likely will utilize auctions for the liquidation of a defaulter's portfolio and/or hedging of such portfolio. ETD markets may resort to auctions in the event applicable exchange(s) are illiquid or are otherwise unavailable/unreliable (e.g., such exchange is unable to convey reliable valuation information). In addition, ETD markets may elect to utilize auctions for complex portfolios or when a member holds concentrated positions.

7. **In addition to those outlined in the discussion paper, are there other considerations that may be useful for a CCP to take into account when designing its hedging strategy, including circumstances where a CCP may wish to delay hedging?**

The particular and unique circumstances of the defaulter's positions and market will drive the strategy, nature and timing of a hedge. Circumstances for considering whether to delay hedging using ETDs might include closed or halted markets or periods of light trading activity such as off-hours or night sessions. The lack of or a limited number of interested hedging counterparties might also be a circumstance for delaying hedging.

8. **How do you incorporate cross-margining arrangement considerations in the hedging strategy and in the broader auction design process?**

This question is not applicable to our business.

9. **The discussion paper notes that, with respect to hedging, execution methods vary and depend on a CCP's choice of hedging instruments. What methods are used for hedging, and what is the rationale for implementing (or not implementing) a particular method?**

With respect to the ICE clearinghouses, hedges might be executed on an exchange, either directly or via a broker; over-the-counter / bilaterally directly or via a broker; or, on ICE's automated default auction platform.

The rationale for implementing a particular method is related to the nature of the hedging products and the marketplace. With respect to ICE's CDS products it is most likely that the automated default auction platform will be utilized. With respect to ICE's futures and options (F&O) products, the method will most likely depend on the liquidity of the hedge instruments. If the underlying F&O hedge product is relatively liquid, the hedge will most likely be executed anonymously on the exchange's trading platform directly by senior management or via a broker.

10. What factors, other than those identified in the discussion paper, do you see as relevant when determining how to split a portfolio? Are there situations where certain factors would be more important than others? Please provide examples.

CCPs should consider the defaulter's portfolio composition and particular market circumstances when determining how to split a portfolio. CCPs also need to take into consideration whether the strategy of splitting a portfolio may increase the risk to the clearing house by eliminating risk-reducing position offsets. This would be of particular importance in the case of well-diversified portfolios. Wrong-way risk may prevent a member from bidding certain positions.

11. The discussion paper describes two common auction formats. Are there other auction formats not included that could be beneficial for a CCP to consider employing? What factors influence the decision to implement (or not implement) a particular auction format?

a) Besides promoting competitive bidding, are there other considerations for choosing two-way pricing? Are there circumstances where it would be beneficial or circumstances where it might not be appropriate? If so, please describe.

Certain ICE clearinghouses currently utilize a functionality to create mirrored portfolios from the defaulter's portfolio. This process involves taking the defaulter's portfolio and applying a reverse mechanism to the directionality of each position, hence, mirroring the original portfolio. The purpose of portfolio mirroring is to hide the directionality of the original portfolio and allow auction participants to be presented with both portfolios. The clearinghouse will present the auction participants with both portfolios in the same manner. Auction participants will be subject to the same applicable minimum bid requirements and participation obligations in order to submit a bid. Utilizing a mirrored portfolio masks the directionality of the defaulter's portfolio and also allows the clearing house to potentially gain important information on pricing both portfolios in the form of bid-ask risk and market depth.

b) What are the considerations for choosing to use a reserve price in an auction? Are there circumstances where it would be beneficial or circumstances where it might not be appropriate? If so, please describe.

A reserve price provides CCPs the ability to fill or partially fill an auction and exclude bids that do not reflect the CCP's reasonable estimate of market value. A reserve price is particularly important in the Dutch auction format because it allows the CCP to avoid the "cliff effect" of a single bid which is deemed outside the CCP's reasonable estimate of market value.

12. The discussion paper highlights two factors that affect the amount of time auction participants may need to evaluate a portfolio and submit bids. Are there other factors that are important to consider? Is there a minimum time period that a CCP should consider providing to auction participants?

CCPs should consider the number of auctions being executed simultaneously, the size and complexity of the auction portfolios and the particular and unique market circumstances when determining the amount of time that bidders will have to evaluate portfolios prior to bidding. Where portfolios contain instruments, which trade primarily in regions with disparate time zones, CCPs may wish to consider whether auction participants have sufficient time to consult with traders in those regions.

CCPs should consider historically the time required by auction participants in default management tests to price portfolios and provide bids. Any knowledge gained by the CCP from tests or otherwise related to the level of operational automation between the CCP and its auction participants, and within its auction participants, should also be considered. Whether or not the position has been hedged may also be a factor influencing bid timing.

Furthermore, CCPs should take into consideration that the longer the period of time before an auction, the higher the likelihood for prices to diverge from the last observable price. The risk of information leakage and the misuse of the provided data also increase as the time between a default and the auction is extended.

13. If a clearing member contributes a "significant" part of the default fund, should that clearing member automatically be included in the auction process? What reasons are there for not including the clearing member?

A distinction should be made between "included" and invited. A distinction also needs to be made between a "mandatory" auction and a "voluntary" auction. With respect to a "mandatory' auction, the ICE clearing house rules provide that all clearing members must participate so a "significant" contributing clearing member is necessarily included in the auction process. Whereas, with respect to a "voluntary" auction, the "significant" contributing clearing member should be invited to participate in the auction but the clearing member's participation is voluntary.

14. The discussion paper discusses the trade-off between flexibility and predictability. How do you assess these trade-offs? Can you elaborate on the ways you provide for predictability while still maintaining flexibility (eg establishing rules and conditions to govern the determination of auction parameters)?

Default management is a critical process for the CCP and the main objective is to return back to a matched book. To this end, CCPs should have well-defined policies and procedures in place, which articulate the process for managing a default and which provide the CCP the required flexibility to exercise expert judgment based on the prevailing facts and circumstances. For example, the CCP auction procedures should define the different stages of the processes to be followed by the CCP, such as the default declaration, hedging, issuance of auction terms and request for bids. Due to unpredictability of the nature of a clearing member default and the market conditions at the time of the clearing member default, predefined rules and governance arrangements must provide CCPs with the flexibility and discretion to act appropriately.

15. If a CCP uses juniorization as an incentive to encourage competitive bidding, and in a scenario where the CCP has invited only a subset of participants to an auction, how will the CCP apply the juniorization to the clearing participants who were not invited?

The ICE clearing houses' rules require all clearing members to bid as part of a mandatory auction and mandatory auctions include juniorization. Accordingly, the question related to only a subset of participants being juniorized is not applicable to ICE.

Operational considerations (Chapter 5)

16. CCPs may distribute information that would help auction participants estimate the potential impact of a successful auction bid on their margin requirements. Besides those that members and clients would having during BAU, what information (and at what level of detail) or tools would be most useful for calculating these estimations and why?

ICE's automated default management system is designed to allow clearing members to download the auction positions into the clearing member's internal proprietary systems for pricing and risk analysis.

ICE provides portfolio margin requirements and relevant position files to clearing members so that the clearing members themselves are able to assess the impact on their margin requirements. After the auction has closed, ICE also provides a successful auction bid on a clearing member's margin so that the clearing house can make an assessment of the bid price against existing resource surplus or shortfalls.

17. The sharing of confidential information (i.e. the defaulted participant's portfolio) carries potential risks, as discussed in the paper. What are the potential risks associated with information leakages, how does the CCP balance such risks with other objectives (eg sharing sufficient information for a successful auction), and what are the measures the CCP uses to address such risks?

A potential risk associated with an information leak is the front running of positions. This could potentially involve a participant who has the ability to see the defaulter's portfolio (i.e., non-defaulting clearing members and clients) front running positions. The impact could be increased costs for the CCP and the potential winner(s) of the defaulter's portfolio when liquidating the portfolio or executing the applicable hedges.

In order to mitigate the risk of an information leak, a CCP can create mirrored portfolios from the defaulter's portfolio. Mirroring a portfolio involves taking the defaulter's portfolio and applying a reverse mechanism to the directionality of each position, hence mirroring the original portfolio. The CCP will present the auction participants with both portfolios in the same manner and the auction participants will be subject to the same applicable minimum bid requirements and participation obligations in order to submit a bid. Utilizing a mirrored portfolio masks the directionality of the defaulter's portfolio and also allows the CCP to potentially gain important information on pricing both portfolios in the form of bid-ask risk and market depth.

In addition, as a best practice and to minimize the risk of an information leakage, a CCP should put in place confidentiality agreements with all auction participants including both members and direct participants.

18. CCPs use various modes of information transmission during a default management auction (eg. email, web-based portal). Can you elaborate on which modes are the most effective in which circumstances and whether it varies depending on the type of information, and why? Would you consider web-based portals a best practice? If so, why?

ICE utilizes email as the primary transmission method during a default management auction. Although the default management system supports notification alerts within the system, automated emails (generated by the default management system) and manual emails (raised by the default management team) are used. Key information is sent via email. Although the default management system supports in-screen notifications, not all clearing members or clients will be logged into the system which is necessary to receive notifications. As such, ICE prefers emails notifications as the primary method of information transmission.

In terms of utilizing a web-based portal, ICE employs the default management system which is a web based portal that connects clearing members to online tools. The single-sign on and two factor authentication methods are utilized to access the platform. Web based portals provide flexibility and allow clearing members to log in from any location and from any web browser. It would be challenging though to utilize web based portals as the primary method for communication as users would have to be logged into the portal to view an update.

19. What are the challenges and trade-offs of creating a realistic default management testing exercise? What processes are used to create the scenarios used in such exercises?

ICE runs default management tests on a regular basis. These tests are designed to resemble a clearing member default and the portfolios are generally larger in size to mimic a larger clearing member portfolio. Default management tests can attempt to simulate stressed market pricing conditions. This involves setting shifts on particular products to mimic and create stressed like market conditions. The scenarios can be driven by historical scenarios such as the Brexit referendum. The challenge is in fostering a consensus understanding of the impact to the market. In real stressed markets, participants are able to obtain information about potential impacts through observing the real time price movement in the different markets.

Default management testing allows clearing members to become more familiar with a CCPs operational default management processes and procedures. Importantly, this also facilitates a member’s understanding of its own processes. Default management testing is also an iterative process which evolves over time.

20. There may be benefits in pursuing greater standardization and harmonization across CCPs in relation to certain operational elements which support execution of an auction.

a) For example, should auction portfolio files be in a standard (or partially standardized) format (for different product types)? If so, which aspects of the portfolio file would benefit the most from cross-CCP standardization (eg file type, layout, order of information, or content)?

Standardized formats are not likely achievable because the attributes of cleared products can vary and are likely to change over time. In addition, when a clearing house launches a new product with a varying attributes, it would be unreasonable to prevent a new product launch until all other clearinghouses and their clearing members adapt to the change. It is also important that each individual clearing house and its clearing participants test their files during default drills.

b) Besides CCP portfolio files, which other operational elements would benefit (the most) from greater standardization and harmonization across CCPs?

CCPs could consider harmonizing CCP auction terminology. For example, the Default Risk Management Working Group is a group of international clearing house representatives that worked closely with the CFTC's Market Risk Advisory Committee (MRAC) to publish the Uniform CCP Terminology for Default Management Auctions defining: auction mechanisms and definitions; auction types; portfolios; bids and bid construction; pricing; awards; and, auction lifecycle.

ICE incorporated the Uniform CCP Terminology for Default Management Auctions definitions into the design and construction of its automated default management system.

c) Are there specific operational elements or areas where standardization and harmonization may not be helpful?

As a general rule, and consistent with our response to question 14, CCPs should avoid prescribing auction elements that would limit their flexibility to exercise expert judgment based on the prevailing facts and circumstances at the time of the default. For example, it may not be prudent to standardize actions that would reduce the CCP's ability to use discretionary powers to adapt auction parameters and default management processes. Additional care should also be exercised when CCPs clear different products (e.g., either within the OTC and ETD sets or across them) as instrument-specific characteristics could render auction elements less prone to standardization.

<u>Client participation (Chapter 6)</u>

21. For which markets, asset or product classes and client types would client participation be most feasible and/or desirable? What would be the incentives for clients to participate in auctions? Does this differ for direct vs indirect client participation? Please elaborate in your response.

Today, clients can participate indirectly through their clearing member. To date, ICE has not seen much interest in direct participation.

The incentive for a client to participate is simply market opportunity. The incentive for market opportunity does not differ based upon direct versus indirect participation.

22. The discussion paper describes some ways to address the risks borne by a clearing member arising from its clients bidding in an auction. Are there additional ways to address the risks? Are there incentives that a CCP could employ to encourage client participation in an auction (eg ways to encourage clearing members to facilitate their clients' participation)?

ICE believes that the legal language in its auction terms in addition to sophisticated market surveillance practices utilized in the ETD market, will work as an effective deterrent for market participants abusing information leakage in the F&O product classes.

Certain ICE clearinghouses have the technical capability to show a two-sided portfolio to disguise its side of the market in a default situation. It should be noted however that these mitigants do not provide an absolute guaranty against an information leakage.

Furthermore, ICE is of the opinion that in several F&O product classes, it is of paramount importance to have end clients (domain experts in certain products) participating in auctions to create a better overall outcome. Clearing firms should consider encouraging customers who are domain experts to participate in the auction including clients who indirectly participate in the clearing houses' default management drills.

a) One option for addressing a disparity in incentives between clearing members and clients is to require clients to contribute an established amount to the default fund prior to participating in an auction. What are the implications of this requirement (such as regulatory, economic or contractual implications) and how can a CCP address these implications?

First, it is important to repeat that clients can currently participate indirectly through their clearing members without having to contribute to the default fund. The question of whether clients should be required to contribute to the default fund therefore only applies to direct client participation. Direct participation means that the client is able to bid directly with the clearing house without its clearing member seeing the bid until it is submitted for clearing. Importantly, a direct client is required to have its winning positions cleared by a clearing member and the clearing member must authorize and agree to clear the client prior to the client receiving direct access.

<u>**Default of a common participant across multiple CCPs (Chapter 7)**</u>

23. The discussion paper suggests that the conduct of multi-CCP default management exercises may provide useful insights into the hedging and auction procedures, should these be conducted by multiple CCPs concurrently. Can you elaborate on what specific insights could be obtained in relation to hedging and auctions via these multi-CCP default management exercises, if possible with concrete examples?

The key benefit of a multi-CCP default management exercise is to test and practice the operational capabilities of clearing members to deal with simultaneous requests from and processes of different CCPs. The difficulties in modeling multi-CCP default management exercises involve the sequencing of how events would unfold in reality given different time zones, and how CCPs would react to the events especially given the differences in local insolvency and regulatory regimes, recovery rules and procedures, corporate structures, clearing members and guaranty funds.

ICE believes that CCP cooperation would be most beneficial in establishing communication channels for information sharing around a defaulted clearing member, creating common auction terminology and coordinating seconded traders for any default management committees.

24. Feedback from the industry suggests that introducing a cap on the number of traders that can be seconded to multiple CCPs from a particular common clearing participant at any one time may mitigate the potential burden on clearing participants' participation in DMGs. How could such caps be instituted and implemented in practice? What could be the challenges of introducing such caps? Apart from caps, are there other options a CCP could consider to mitigate this potential burden?

As discussed in our response to Question 2, the design and use of a default management committee is complex and must take into account various considerations and interests beyond determining the appropriate number of traders.

While the imposition of caps may be a pragmatic solution to the burden felt by the clearing members, it is not free of its own challenges. In particular, in order to manage any caps, there needs to be a common and centralized database (or other organized means of communication and information) of trader allocations across all CCPs and clearing participants. The CCPs would also need to coordinate the timing of their default management group rotations.

An option for mitigating the potential service burden on clearing members would for CCPs to expand the pool of entities represented in the DMG beyond clearing members, reducing the dependency on the same set of traders.

25. Are there efficiencies or benefits to be gained from CCPs coordinating their respective default management auctions or hedging arrangements? If so, how?

a) Are there any arrangements that could be coordinated ex ante (eg cross CCP netting arrangements)? How could these arrangements be established? What would be the challenges with these arrangements? How could these challenges be mitigated?

Given the different regulatory regimes and rule sets, insolvency regimes, fiduciary obligations, clearing members, shareholders, and time zones, practically it would be extremely difficult and risky for CCPs to attempt to accomplish a coordinated auction during a clearing member default. A coordinated auction would require an enforceable agreement and commitment from the regulators, insolvency regimes, and market participants. Unless an enforceable agreement was in place, the process would lack the legal certainty currently provided by the CCPs' respective regulations, rule sets, and insolvency laws.

In addition, the CCPs would need an enforceable commitment from the auction participants to act in a facilitating manner. Auction participants would be needed and required to buy and sell offsetting positions at a reasonable price difference as opposed to being free to "pick-off" one side of the market. In this manner, the auction participant would effectively "sleeve" the offsetting positions. In other words, the auction participants buy from one CCP and sell to another CCP thereby removing the offsetting positions from the respective CCPs' books and returning the CCPs to a balanced book.

It should be noted however that CCPs, for position confidentiality reasons, do not have visibility into any offsetting positions that are held at another clearing house. Accordingly, CCPs would need to rely upon the coordination and information sharing of the different national and international regulators to determine the nature and extent of any offsetting positions across CCPs, provided that the national and international regulators are willing and in a position to coordinate and share information.[9]

General

26. Are there any additional points of consideration that would contribute to a successful auction that are not mentioned in this discussion paper? If so, what are they?

No- ICE does not have any additional points to add.

27. What are the potential areas in the context of default management auctions where guidance might be most welcome?

ICE appreciates the recent guidance and interaction and believes that further prescriptive requirements are not necessary.

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[9] Prior to a default of a clearing member (such as a global systemically important bank ("GSIB")), the international resolution authorities are best suited to coordinate the liquidation of a clearing member that is on the pathway to resolution and that has offsetting positions across multiple CCPs.