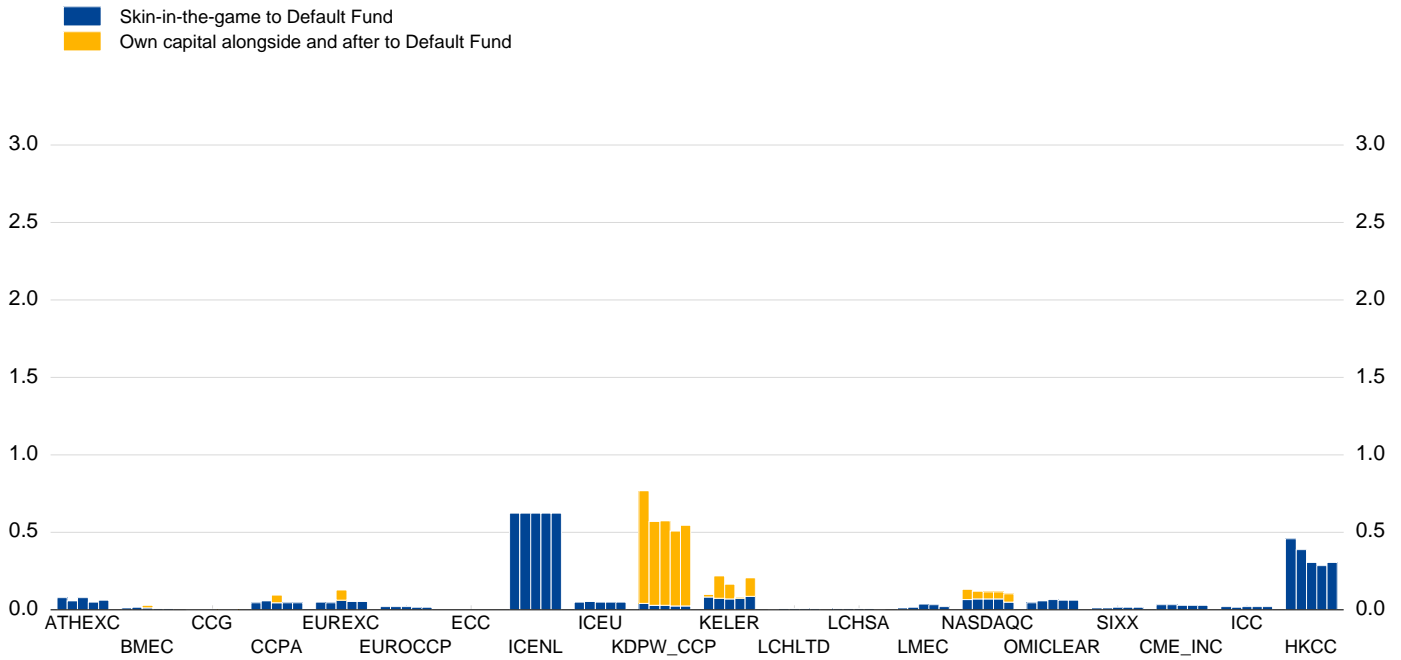


## 8. Risk related to central counterparties

### 8.1 Prefunded default resources

Ratio of own capital to default funds (ratio, quarter-end, last observation: Q3 2019)

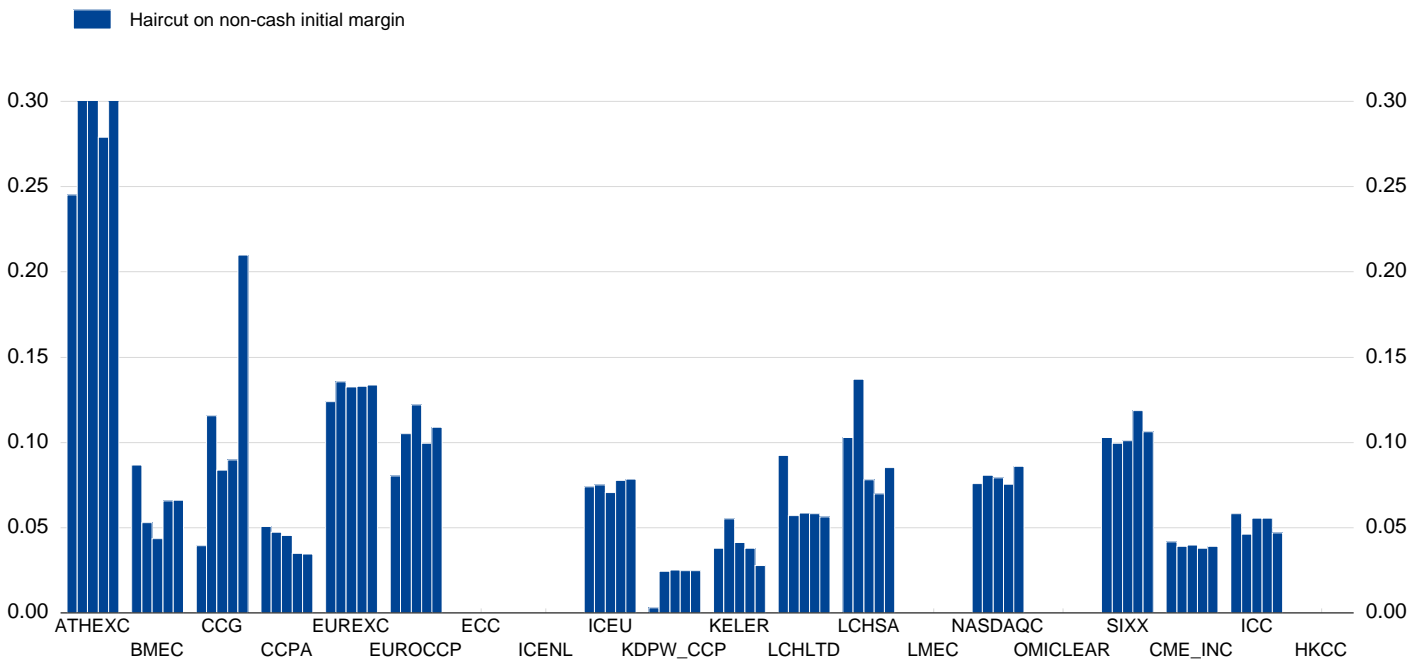


Source: CPMI-IOSCO quantitative public disclosure data & ESRB Secretariat calculations.

Note: Mutualised default funds are only used to absorb losses if the defaulting member's variation margin, initial margin, and CCP's skin-in-the-game, respectively, are insufficient. Initial margin is the first line of defence against loss mutualisation and calculated in relation to the risk brought by clearing members. The primary purpose of skin-in-the-game is to ensure CCPs' incentives are aligned with those of their clearing members. It is calculated in relation to a capital requirement. The chart shows a ratio of own capital (with graphical distinction of its subparts) to the default fund contributions provided by the clearing members. Information provided for segregated clearing services have been aggregated into a single structure. Each bar represents a quarter. Data for Keler CCP and ICE NL not included for 2017 Q3, Q1, Q2 and Q3 2018 observation of "Own capital alongside and after to Default Fund" for KDPW\_CCP taken out due to quality checks. No data are reported for ECC

### 8.2 Haircut and margining policies

Haircut on non-cash initial margin (in fractions, quarter-end, last observation: Q3 2019)



Source: CPMI-IOSCO quantitative public disclosure data & ESRB Secretariat calculations.

Note: Margins and haircuts are essential parts of the CCP risk management frameworks. Initial margins are designed to protect a CCP against losses stemming from the default of a clearing member while haircuts aim to mitigate a fall in market value of collateral in case the collateral has to be sold. Reported haircuts for ICE NL, and OMIClear equal zero. PQD 20.2.1 is added to PQD 6.2.15 for CC&G from 2016 Q3 onwards as they do not include initial margin resulting from interoperability arrangements in PQD 6.2.15. ECC and HKCC do not report PQD 6.2.15