WFEClear 2024

Conference Programme

Day 1 - Tue 19 Mar

08:30 - 09:00: **Registration**

09:00 - 09:15: **Opening Remarks**

Speakers

Nandini Sukumar
Chief Executive Officer
The World Federation of Exchanges

Dr. Pedro Gurrola Perez
Head of Research
The World Federation of Exchanges

09:15 - 09:30: **Speech**

Speaker

Javier Hernani
Chief Executive Officer of BME & Head of Securities Services
SIX

09:30 - 10:45: **Capacity Building Session 1: From CSD to CCP**

This session will offer a roadmap for financial markets in their shift to incorporating a CCP. Delving into the transition, we will focus on assessing the viability, advantages, risks, and impacts associated with integrating a CCP into the market framework. We will highlight crucial steps for a seamless transition, including the establishment or modification of operational systems and processes, collaboration with regulators, execution of testing and simulations to guarantee system and procedure preparedness, and provision of comprehensive education and training to market participants.

Moderator

Froukelien Wendt
Director for CCPs, Independent Member of the CCP Supervisory Committee
European Securities and Markets Authority (ESMA)

Speakers

Vikesh Patel
President
Cboe Clear Europe

George Kormas
President
Canadian Derivatives Clearing Corporation (CDCC)

Michele Hillery
Managing Director, General Manager of NSCC Equity Clearing and DTC Settlement Service
DTCC

10:45 - 11:00: **Coffee break**

11:00 - 12:15: **Capacity Building Session 2: The Role, Function & Workings of the CCP**

The core principles of clearing presented by experts from industry. What is the role of Central Counterparties (CCPs) and their dynamics within the market? Covering the CCP rulebook, strategies for risk management, understanding the default waterfall, the pivotal role of governance practices, the advantages of multilateral netting, the influence of incentives, and the proactive function of margin practices that provide knock-on benefits for the wider financial system.

Moderator

Nandini Sukumar
Chief Executive Officer
The World Federation of Exchanges

Speakers

John McPartland
Senior Advisor
Hidden Road Partners LP

Peter Youngman
Senior Policy Advisor, Supervision Department
Bank of Canada

Jose Manuel Ortíz-Repiso
Head of Clearing & Repo Operations
SIX

12:15 - 13:15: **Lunch**

13:15 - 13:30: **Speech**

Speaker

Summer Mersinger
Commissioner
Commodity Futures Trading Commission (CFTC)

13:30 - 14:30:

Capacity Building Session 3: The Legal and Capital Market Frameworks

This session covers the legislative structures underpinning CCPs and the aspects that ensure legal certainty. We'll discuss the interconnectedness of frameworks and their integration with foundational guidance such as the CPMI-IOSCO PFMIs. We'll also cover the placement of CCPs within the sequencing of capital market infrastructure, and provide clarity on the diverse legal landscapes worldwide.

Moderator

Robert Steigerwald
Senior Policy Advisor
Federal Reserve Bank of Chicago

Speakers

Summer Mersinger
Commissioner
Commodity Futures Trading Commission (CFTC)

Prof. Paolo Saguato
Professor of Law
Antonin Scalia Law School, George Mason University

Vikram Kothari
Managing Director, NSE Clearing
National Stock Exchange of India

14:30 - 14:45:

Coffee break

14:45 - 15:45:

Capacity Building Session 4: Regulatory Themes in Clearing

This session will set out the main features of the regulatory regime relating to CCPs, including the Principles for Financial Market Infrastructures (PFMI) and the 2009 G20 reforms. It will also cover current policy discussions on margin practices, non-default loss arrangements, and recovery and resolution mechanisms.

Moderator

Richard Metcalfe
Head of Regulatory Affairs
The World Federation of Exchanges

Speakers

Giles Ward
Senior Policy Advisor
General Secretariat, International Organization of Securities Commissions (IOSCO)

Laura Bayley
Head of Clearing Services
SIX

Stéphane Janin
Head of Global Regulatory Developments and Public Affairs
AXA Investment Managers

15:45 - 16:00:

Coffee Break

16:00 - 17:00:

Capacity Building Session 5: An Introduction to Modelling and Methodologies

This session will outline how risk managers at CCPs approach clearing risk management, focusing specifically on risk modelling as part of the overall risk methodology. We will illustrate the calculation methodologies behind initial margin requirements for cleared portfolios and how these interact with market volatility to ensure the stability and robustness of a CCP. Discussions will cover the ongoing debate on procyclicality and the factors influencing margin requirements in times of market upheaval.

Moderator

Dr. Pedro Gurrola Perez
Head of Research
The World Federation of Exchanges

Speakers

Dr. David Murphy
Visiting Professor, Department of Law
London School of Economics (LSE)

Javier Aguilá
Head of Clearing Architecture
SIX

Udesh Jha
Managing Director, Head of Post-Trade Services
CME Group

17:00 - 19:30:

Opening Reception

Day 2 - Wed 20 Mar

08:30 - 09:00:

Registration

09:00 - 09:30:

Academic Keynote

The Wrong War - Why we need a cease-fire in the post-Brexit fight for clearing

Speaker

Dr. Dermot Turing
Visiting Fellow
Kellogg College, Oxford

09:30 - 10:15:

Academic Paper Presentation 1: The Impulsive Approach to Procyclicality

Authors:
Dr. David Murphy, Visiting Professor, Department of Law, London School of Economics (LSE)
Dr. Pedro Gurrola-Perez, Head of Research, The World Federation of Exchanges

Recent episodes of market volatility reinvigorated the policy debate about how reactive margin should be to changes in market conditions. This debate has been hampered by the lack of a generally accepted way of measuring the reactiveness of the models used to calculate initial margin. The first contribution of this paper is to introduce the impulse response function as a convenient and robust way of measuring model's reactiveness. Using this measure, it provides significant, novel insights into the behaviour of some economically important margin models. The behaviour of two widely-used anti-procyclicality tools, the buffer and the use of a stressed period, are also analysed.

Moderator

Dr. David Murphy
Visiting Professor, Department of Law
London School of Economics (LSE)

Discussant

Ashwini Panse
Chief Risk Officer, North American Clearing; Managing Director, ICE India
Intercontinental Exchange, Inc. (ICE)

10:15 - 10:30:

Coffee break

10:30 - 11:15:

Panel 1: Implementing Effective Anti-Procyclicality Tools

This panel aims to explore the precision of measuring procyclicality and the challenges associated with Anti-Procyclicality (APC) tools. We will explore how CCPs and supervisors should determine whether an increase in margin requirements is an appropriate response, and whether tools such as overlays heighten risk by diverting CCPs from their established risk modeling guidelines. Additionally, we will address the question of how CCPs should implement a countercyclical buffer without the benefit of hindsight or precise predictions about when liquidity will be most volatile.

Moderator

Dr. Pedro Gurrola Perez
Head of Research
The World Federation of Exchanges

Speakers

Tao Chen
Group Head of Quantitative Risk Management
Hong Kong Exchanges & Clearing (HKEX)

Amar Radia
Head of Analytics, Financial Market Infrastructure Directorate
Bank of England

Udesh Jha
Managing Director, Head of Post-Trade Services
CME Group

11:15 - 11:30:

Coffee break

11:30 - 12:30:

Panel 2: Predictability & Transparency: Ensuring Market Preparedness

This panel will explore the CCP-to-member relationship and avenues to enhance market readiness. The group will discuss simulation exercises, effective strategies to manage concentration add-ons, and best practices in the communication of margin calls, in addition to porting arrangements, as well as changes to the regulatory landscape, such as whether regulators should adopt a more holistic view of market preparedness.

Moderator

Dr. Richard Haynes
Deputy Director, Risk Surveillance
Commodity Futures Trading Commission (CFTC)

Speakers

Dmitrij Senko
Member of the Executive Board and Chief Risk Officer
Eurex Clearing AG

Meshal Al-Homaid
Chief of Risk Management
Muqassa, Saudi Tadawul Group

Patrik Löhr
Chief Executive Officer
Nasdaq Clearing

Dr. Shane Worner
Senior Economist
Investment Company Institute (ICI)

12:30 - 13:15: **Lunch**

13:15 - 14:00: **Academic Paper Presentation 2: Unlocking Liquidity through Shortened Settlement Cycle: Empirical Evidence from India**

Authors:
Aniket Bhanu, Vice President, NSE Clearing, National Stock Exchange of India
Dr. Golaka C. Nath, Professor of Economics, XIM University
Dr. Tirthankar Patnaik, Chief Economist, National Stock Exchange of India

Many jurisdictions across the world are considering shortening the settlement cycle in equity markets from T+2 to T+1 with the primary objective of promoting investor protection, reducing risk and improving efficiency. Shortened settlement cycles also lower the funding liquidity demand with lower margin requirements, which could unlock liquidity in less liquid stocks. Using the data from Indian markets, which incrementally migrated securities from T+2 to T+1 each month, we construct a series of quasi-natural experiments to assess impact of the move on market activity and liquidity. Our findings shed light on additional benefits of T+1 implementation and show shortening of settlement cycles as a path to improving overall market liquidity as well as widening availability of market liquidity to illiquid stocks.

Moderator

Aniket Bhanu
Vice President, NSE Clearing
National Stock Exchange of India

Discussant

Dr. Kaitao Lin
Senior Financial Economist
The World Federation of Exchanges

14:00 - 14:15: **Coffee break**

14:15 - 15:00: **Academic Keynote**

Clearing Practices on Unregulated Crypto Platforms

Speaker

Carol Alexander
Professor of Finance
University of Sussex

15:00 - 15:15: **View from the Practitioner**

Blockchain and Distributed Ledger Technology in Financial Market Infrastructures

Speaker

Dennis McLaughlin
Independent Non-Executive Director
Canadian Derivatives Clearing Corporation (CDCC) and Canadian Depository for Securities (CDS)

15:15 - 15:30: **Coffee break**

15:30 - 16:30: **Panel 3: The Practicalities of DLT and Clearing**

This panel will explore advancements in distributed ledger technology and its potential intersection with central clearing. The group will discuss the pros and cons of prefunded markets and atomic settlement, and how regulatory frameworks should be applied to novel market structures. We will examine overall ramifications for market participants, and how developments in margin and collateral collection will impact end-users.

Moderator

Carol Alexander
Professor of Finance
University of Sussex

Speakers

Maggie Sklar
Principal & Founder, Sklar Strategies
Managing Director, SEDA Experts

Orly Grinfeld
Executive Vice President and Head of Clearing
Tel Aviv Stock Exchange (TASE)

Randy Priem
Markets & Post-Trading Unit Coordinator
Belgian Financial Services & Markets Authority (FSMA)

Lars-Göran Larsson
Partner
Vermiculus

16:30 - 16:45: **Speech**

Optimisation In The Clearing System - Pass Me The Toolbox

Speaker

Burkhard Balz
Member of the Executive Board
Deutsche Bundesbank

19:30 - 22:00: **Gala Dinner**

Day 3 - Thu 21 Mar

08:30 - 09:00: **Registration**

09:00 - 10:00: **Panel 4: Developing Default Fund Management**

This panel will explore default fund management, highlighting its role in contributing to the resilience of clearing ecosystems, and the strategies employed by risk managers at CCPs. We will discuss the optimisation of the default fund in terms of sizing, and dive into the processes involved in stress testing, fire drills, and skin in the game, sharing best practices across the industry for validating the robustness of default fund methodologies under various market scenarios.

Moderator

Froukelien Wendt
Director for CCPs, Independent Member of the CCP Supervisory Committee
European Securities and Markets Authority (ESMA)

Speakers

Yuji Yamashita
Deputy Commissioner for International Affairs
Japan's Financial Services Agency (JFSA)

Burak Akan
CCP Director, Takasbank
Borsa Istanbul

Dr. Clemens Völkert
Chief Risk Officer
European Commodity Clearing (ECC)

Roberto Bermejo
Head of CCP Supervision & Post-Trading Division Deputy Director
Spanish National Securities Market Commission (CNMV)

10:00 - 10:15: **Coffee break**

10:15 - 11:00: **Academic Paper Presentation 3: An innovative approach for optimising CCP default management through Agent Based Modelling**

Authors:
Tao Chen, Managing Director, Head of Quantitative Risk, Hong Kong Exchanges and Clearing Limited (HKEX)
Richard Wise, Group Chief Risk Officer, Hong Kong Exchanges and Clearing Limited (HKEX)
Dingqiu Zhu, Hong Kong Exchanges and Clearing Limited (HKEX)

This paper develops a rigorous model to analyse the market impact of liquidation. Invoking innovative techniques from agent-based simulation, we construct the order book's reaction function to liquidation. The paper then develops a methodology for establishing the optimal close-out strategy which balances the velocity of positional liquidation with that consequential market reaction function. This model can be used in parallel to more traditional calculations of market volatility to ensure that the overall risk capitalisation of a CCP remains robust.

Moderators

Richard Wise
Group Chief Risk Officer
Hong Kong Exchanges & Clearing (HKEX)

Dingqiu Zhu
Head of Quantitative Solutions, Quantitative Risk Management
Hong Kong Exchanges & Clearing (HKEX)

Discussant

Aniket Bhanu
Vice President, NSE Clearing
National Stock Exchange of India

11:00 - 11:15: **Coffee break**

11:15 - 12:15: **Panel 5: Higher Capital & Financial Resource Requirements - Reducing or Increasing Risk?**

This panel will discuss the regulatory environment surrounding financial resources and capital requirements, and whether current frameworks provide optimal outcomes for financial market stability. The group will highlight the different considerations for both CCPs and FCMs, and debate the merits of providing flexibility versus certainty in times of market stress. In particular, the panel will focus on the treatment of intermediary resources, and whether high capital requirements for clearing members will reduce access to end users.

Moderator

John McPartland
Senior Advisor
Hidden Road Partners LP

Speakers

Dr. Dermot Turing
Visiting Fellow
Kellogg College, Oxford

Christy Goldsmith Romero
Commissioner
U.S. Commodity Futures Trading Commission

Ashwini Panse
Chief Risk Officer, North American Clearing; Managing Director, ICE India
Intercontinental Exchange, Inc. (ICE)

Pui Hoon Loh
Director & Specialist Leader, Markets, Infrastructures & Intermediaries
Monetary Authority of Singapore (MAS)

12:15 - 13:30:

Lunch

13:30 - 14:15:

Academic Paper Presentation 4: Portfolio Margining Using PCA Latent Factors

Authors:
Travis D. Nesmith, Assistant Director Chief, Quantitative Risk Analysis Section, Federal Reserve Board
Shengwu Du, Senior Economist, Quantitative Risk Analysis Section, Federal Reserve Board

Filtered historical simulation (FHS) has become more and more popular as a method to calculate initial margins at CCPs. However, traditional FHS does not explicitly address the time-varying correlation in financial return data. It also requires filtering each individual risk factor independently, which imposes a high computational burden when there is large amount of risk factors. This paper proposes a new method to estimate the portfolio margin using the filtered historical returns of latent risk factors derived from principal component analysis (PCA). We compare the model performance with traditional PCA for different simulated and constructed portfolios. Backtesting comparisons are performed using 2020 data from the COVID-19 financial crisis.

Moderator

Dr. Shengwu Du
Senior Economist, Quantitative Risk Analysis Section
Federal Reserve Board

Discussant

Dr. Elaine Zhang
Assistant Professor of Finance
IE Business School

14:15 - 14:30:

Coffee break

14:30 - 15:30:

Panel 6: Opportunities And Challenges From IT Development And Third Party Management

This panel will explore the evolving landscape of post-trade operations and the impact of technology on CCP risk management practices. The session will outline best practices concerning third-parties, as well as other considerations to ensure the security and resilience of CCP operations during technological transformations. We will discuss the latest technological advancements in post-trade IT, the ongoing transition of CCPs towards cloud service providers, and how the clearing businesses of the future will be aligned to regulatory frameworks for operational resilience.

Moderator

Dr. Alicia Greenwood
Chief Executive Officer, JSE Clear, and Director of Post Trade Services
Johannesburg Stock Exchange

Speakers

Nancy Doyle
Senior Special Counsel
Commodity Futures Trading Commission (CFTC)

Vishal Thakkar
Chief Risk Officer
Options Clearing Corporation (OCC)

Takeshi Shirakami
Deputy Head of the Secretariat of Committee on Payments and Market Infrastructures (CPMI)
Bank for International Settlements (BIS)

Iosif Itkin
Chief Executive Officer and Co-Founder
Exactpro

15:30 - 15:45:

Concluding Remarks & Announcement of WFEClear 2025

Speakers

Nandini Sukumar
Chief Executive Officer
The World Federation of Exchanges

Dr. Pedro Gurrola Perez
Head of Research
The World Federation of Exchanges

Ki-Kyung Kim
President, Management Strategy Division
Korea Exchange (KRX)

15:45 - 16:00:

Coffee break

16:00 - 17:30:

CCP Working Group Meeting

17:30 - 19:30:

Farewell Reception

© 2018 by The World Federation of Exchanges. All rights reserved.