sifma

asset management group

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BCBS Secretariat
baselcommittee@bis.org

CPMI Secretariat
cpmi@bis.org

IOSCO Secretariat
CCP-SST@iosco.org

Re: BCBS-CPMI-IOSCO consultative report dated January 2024 on transparency and responsiveness of initial margin in centrally cleared markets (the "Consultative Report")

Dear Secretariats:

The Asset Management Group of the Securities Industry and Financial Markets Association ("**SIFMA AMG**" or "**AMG**")[1] appreciates the important work of BCBS, CPMI, and ISOCO (collectively, the "**Supervisory Authorities**") building on the analysis of margin calls during the March 2020 period of high market volatility ("**March 2020**"). SIFMA AMG also appreciates the extensive work of the Supervisory Authorities to conduct detailed surveys of central counterparties ("**CCPs**"), CCP members ("c**learing members**") and market participants ("c**lients**") to collect quantitative and qualitative data across centrally cleared and non-cleared markets with respect to margin experiences during and after March 2020.[2]

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1 SIFMA AMG brings the asset management community together to provide views on policy matters and to create industry best practices. SIFMA AMG's members represent U.S. and multinational asset management firms whose combined global assets under management exceed $45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds.

2 SIFMA AMG and its members have been consistently involved in the efforts to increase the strength and resiliency of cleared markets, consistently recommending enhancements to CCP governance and transparency, capital structure, and margin practices. With respect to the work of the Supervisory Authorities, SIFMA AMG has submitted several detailed letters addressing issues related to margin in the derivatives markets: Letter dated March 25, 2020, to the Supervisory Authorities from SIFMA AMG and other trade associates addressing margin requirements and the impact of COVID-19; Letter dated January 26, 2022, to the Supervisory Authorities addressing the consultative report on review of margin practices; Letter dated October 3, 2022, to the Supervisory Authorities from SIFMA AMG addressing CCP non-default loss practices; Letter dated October 13, 2022, to the SEC from SIFMA AMG addressing governance requirements for CCPs; Letter dated December 23, 2022 to the SEC from SIFMA AMG addressing the proposed mandate for the clearing of U.S. Treasury securities; and Letter dated September

I. General Observations:

We take a sober view of the experiences of March 2020. For while it is true that cleared markets functioned without widespread defaults, the sudden dramatic increases in initial margin ("**IM**") – while reflecting the increase in risk – demonstrated the need to examine margin practices generally and made abundantly clear the toll such sudden, dramatic increases can have on overall market liquidity. And while overall IM levels rose, IM levels for certain products shot up more than 100% instantly. This sudden dramatic shift was a challenge to digest, difficult to predict, and impossible to manage given the limited transparency into CCP margin practices.

Margin models must be transparent so that clearing members and clients can anticipate calls. We note that as the CCPs are generally single providers in the products that they clear, there is no benefit in being less than fully transparent as to the basis of margin determinations. "Transparency" means, at a minimum, that clearing members and clients have sufficient insight into the margin model used by a CCP so that an individual firm can understand how the model reacts to market conditions and can assess with some reasonable degree of certainty whether it will be subject to a margin call and in what amount.

SIFMA wants to emphasize that good practices, metrics, and disclosures must be embodied in effective baseline anti-procyclicality ("**APC**") requirements tailored for products and markets, with such APC tools required to be reviewed and adjusted as conditions require. While most CCPs already have APC measures in place in response to the CPMI-IOSCO Principles for Financial Market Infrastructures ("**PFMIs**") recommendations, the experiences of March 2020 make it abundantly clear these measures are inadequate – both in concept and in application. And particularly in light of the relatively muted IM volatility demonstrated in the less standardized and less liquid non-cleared market; it is plain that more effective APC controls are not only possible but have demonstrated effectiveness.

It is for these reasons that SIFMA AMG agrees with the policy proposals set forth in the Consultative Report and recommends that such proposals be incorporated in regulations governing CCPs where appropriate. In this letter we will respond to questions more closely related to our members, clearing member clients, and their perspectives on relevant issues.

II. Responses to Questions

1. **Collectively, if adopted, would the set of proposals likely result in increased transparency and a mitigation of destabilizing changes in margin requirements in centrally cleared markets? Please identify within the set of proposals any**

26, 2023, to the SEC and CFTC from SIFMA and SIFMA AMG addressing CCP margin, recovery, and wind-down plans.

> **which would be particularly beneficial and others which may be less beneficial (e.g. where the costs may substantially exceed the benefits). Please provide an explanation to your answer.**

SIFMA AMG believes that all of the proposals would likely result in increased transparency and mitigation of destabilizing changes in margin requirements in centrally cleared markets.

Proposal 1 would be very helpful for clearing members and clients in estimating their margin requirements. Greater transparency into CCP margin practices and the availability of effective predictive tools to forecast margin needs are necessary for clearing members and clients to effectively manage their margin requirements. It is of the greatest importance that margin calls, whenever they are made, be predictable. In order for them to be predictable, they must be established by an algorithm (which may include add-ons, so long as the triggers are known) that is transparent. Further, the CCP should provide, to the extent possible, timely information as to likely calls, including the possibility that a call may have included within it an add-on factor.

Proposal 2 will also be useful. One of the most important elements of right sizing is that margin determinations should be made as to positions and pricing that are as current as is reasonably possible. It is not meaningful to recalculate margin based on current volatility if the calculations are being made with respect to position and pricing information that is stale. Therefore, any margin determination, including any intraday determination, should be made with respect to a clearing member's and client's current positions, and the current value of those positions, to the extent practicable. Thus, how Proposal 2 accounts for the calculation of margin requirements under varying historical and hypothetical market conditions for current and hypothetical portfolios makes sense.

Further, part B of Proposal 2 is very important as part B includes the incorporation of add-on charges in addition to baseline (or "core") initial margin. CCPs should endeavor to include any margin add-ons in their core margin methodologies so that such add-ons can be understood and anticipated. Transparent methodologies for add-ons can allow clearing members and clients to manage their risk more effectively. Concentration margin add-ons, a type of add-on that is designed to address the risks of liquidating relatively large positions, should be based on a realistic estimate of the likely impact that liquidation would have on the price achieved in the market. Timely communication of the triggers for the implementation of add-ons is of crucial importance when add-ons will be applied to initial margin requirements so that clearing members and clients can be prepared for the calls on their liquidity.

The disclosure requirements under Proposals 3 and 4 are also likely to be beneficial for clearing members and clients. Proposal 3 advocates for CCPs to make margin documentation available to clearing members that can enable them to understand key aspects of the CCP's margin model and its approach to risk management. Clearing members should have access to

CCP intraday margin calculators via an API to enable the replication of CCP intraday margin calls at client level.

Similarly, Proposal 4 advocates that CCPs should publicly disclose and describe APC tools used in their model. As noted above, SIFMA AMG wants to emphasize that good practices, metrics, and disclosures must be embodied in effective baseline APC requirements tailored for products and markets, with such APC tools required to be reviewed and adjusted as conditions require.

The Proposal aligns with our ongoing recommendations that there needs to be a far greater degree of transparency into the design and usage of APC measures. Proposal 4 is consistent with the urgent need for clients to understand APC measures. Clients need a far greater degree of transparency into the design and usage of APC measures. For this reason, SIFMA AMG has recommended the Supervisory Authorities require CCP disclosure of the following:

- CCP risk appetite for procyclicality generally, beyond which their models are designed to mitigate, and the CCP's performance relative to their procyclicality appetite,
- The APC tools applied in the CCP's IM methodology, with any differences depending on product or market, so that clients can predict IM calls during stress periods (e.g., are margin levels model driven vs. floor driven, and to what degree margin buffers are being used),
- Confirmation of any adjustments made to refine the application of the APC tools, such as volatility floors or scaling schemes (decay factor),
- Reporting on a CCP's analysis of margin reactivity to extreme volatility scenarios (e.g., 10%, 20% or 30% increase in volatility) for each product and market cleared, and
- Confirm details as to CCP calculation of base IM and use of any margin add-ons.

Proposal 5 will further help clearing members and clients understand CCP margin practices through the call for CCPs to provide additional breakdowns of margin-related data through PQDs and report such data more frequently and with shorter reporting lags. All PQD data should be reported consistently and accurately.

SIFMA AMG strongly believes the quantitative disclosures should provide a much more granular level of detail on how IM models have performed. Such disclosures should be provided at least monthly, if not weekly, so that clients have a clearer window into their likely IM exposure in such scenarios. Further, increased frequency of reporting would facilitate clearing members' and clients' understanding of the margin system. Historically, a significant lag exists in the disclosure that clearing members and clients receive.

Proposal 6 provides that CCPs should disclose a new standardized measure of margin responsiveness, as designed by CPMI-IOSCO, alongside the associated changes in market conditions will protect market participants. As noted previously, we want to emphasize that good practices, metrics, and disclosures must be embodied in effective baseline anti-procyclicality requirements tailored for products and markets, with such APC tools required to be reviewed and adjusted as conditions require.

We support that Proposal 6 would go even further as IM calculations would be required to take account of factors beyond the volatility of each individual position. The proposed measure would take account of the size and concentration of a firm's position in the relevant security or other asset and of the liquidity of the position. We want to emphasize that margin calculations must be based on appropriate periods of risk that allow for sufficient time to liquidate the relevant portfolios.

Proposal 7's framework for CCPs for monitoring the performance of initial margin models is sound. We also support the proposal that CCPs should use quantitative measures of responsiveness, as well as potentially other major factors, to inform appropriate governance responses to significant changes – or anticipated changes – in margin requirements.

Proposal 8 is a reasonable measure in the event that CCPs make use of discretion to override model margin requirements. Proposal 8 requires that CCPs should clearly articulate and define the instances and areas where such overrides may be warranted (including clear definitions of the key decision-makers/who can perform overrides and the extent to which these adjustments are deemed permissible without, for example, requiring a material model change). SIFMA AMG is in accord with this view.

Whenever a CCP determines to make a discretionary intraday margin call, the CCP should be required to provide the relevant regulatory agency, and to the extent possible the clearing members, an explanation of the reasons for the discretionary margin call so that there can be an evaluation of whether the need to make such a call might have been averted by improved procedures.

While our members have generally focused on the need for more robust margin practices and transparency with respect to CCPs, we can also appreciate that Proposal 9 will strengthen clients' understanding of clearing member margin practices. Sections D and E of Proposal 9 would be particularly valuable.

Section D proposes that clearing members should, without the need for a client request, provide their clients with appropriate notice when they are adjusting their calibration of client margin add-ons, and should provide sufficient transparency to their clients when margin requirements have been adjusted relative to those set by the CCP. Section E proposes that clearing members should disclose to their clients backward-looking information on the maximum, minimum and average differences between client margin requirements set by the clearing member and the margin requirements of the CCP over a defined period of time.

We believe that the disclosure of such information by the clearing member to its clients will enhance the client's ability to manage its margin liquidity.

In evaluating Proposal 10, we have concerns that the perceived benefits may be overstated and could introduce confidentiality and commercial concerns. Frankly, it is unclear how a more prescribed and detailed set of disclosures as to the clearing member's clients would be relevant to the CCP's own risk management processes. Our sense is that clearing members address client risk through credit-related margin add-ons while CCPs address market risk without the need to consider client credit issues.

Given the lack of connection between the CCP and the ultimate client, we have reservations concerning a CCP's adjustment of margin levels and risk management based on a clearing member's client issues. This seems more appropriately managed by the clearing member who has significant visibility into individual client's strengths and weaknesses.

For these reasons, SIFMA AMG recommends that the Supervisory Authorities reconsider Proposal 10 and focus instead on the significant positive impact that will undoubtedly result from the other proposals.

2. Are there any aspects of margining practices in centrally cleared markets that have not been adequately covered by the set of proposals and which could positively contribute to achieving the Margin Group's objectives?

In addition to the need for greater transparency into CCP margin practices, and the availability of effective predictive tools to forecast margin needs, SIFMA AMG members believe that by enhancing CCP governance practices, ongoing improvements in margin and other risk practices can be achieved. Existing CCP risk committees are inadequate both in terms of membership and independence and should be supplemented by a requirement for the solicitation of independent and thorough clearing members and client input. Such input should be required to be shared with regulators to help inform regulatory oversight and any approvals of CCP practices.

An additional area to consider, beyond the specific CCP disclosures, is to address the inability of clearing members to confirm to clients to which CCP client IM is being transferred. SIFMA members have consistently expressed concerns that the trading and collateral infrastructure and workflows attribute IM to a clearing member (and not to a CCP) as the clearing members function as agent for the CCP - often on an omnibus basis. We have struggled to achieve a voluntary solution to this issue and believe this merits regulatory involvement absent progress. Ideally, CCPs, clearing members, and clients would produce data sharing protocols so clients can have an accurate accounting of their exposure to each CCP and default waterfall.

We want to highlight a finding in the Consultative Report in Section 3.2.3 that shows the reactivity of IM models differed quite substantially among CCPs. There was an extreme divergence in the reactivity of IM models in exchange-traded derivatives where two CCPs experienced a 300% change in volatility, but their IM models produced dissimilar changes to IM rate – one at 100% the other at 250%. This variability in model outcomes demonstrates the need for stricter controls and we call on the Supervisory Authorities to expand the regulatory requirements so that CCPs have clear direction so that their IM models generally respond consistently to similar inputs for the same products in the same markets facing the same risk.

Areas for further evaluation and rulemaking include IM margin lookback periods, identification, and inclusion of stress periods, determining appropriate decay factors, significantly upgrading APC measures, and evaluating the appropriateness of margin period of risk – each in the context of individual cleared products and markets.

Further, we believe the divergent approaches taken by CCPs in different jurisdictions also call for a more comprehensive and globally consistent regulatory approach. While a degree of regional divergence exists in cleared markets, many of the CCPs compete for clearing of the same or similar products. Especially as clearing for many of these products is mandated, the divergence in margin practices across CCPs with respect to the same or similar products is not consistent with a resilient market. Such divergence is suggestive that in the absence of clear standards, there is the risk that competitive drivers could influence the setting of IM leading to a race to the bottom. While lower IM levels may serve as an incentive to clearing generally, artificially low IM levels leave the system exposed in times of stress – such as that experienced in March 2020.

In addition, SIFMA AMG members feel strongly that in addition to addressing margin transparency and adequacy, the Supervisory Authorities should continue to consider enhancements to CCP capital and default fund levels. As market dislocations have shown that even increased margin levels may prove inadequate to eliminate the possibility of CCP default risk, we will reiterate several recommendations to enhance the overall resiliency of cleared markets.

When considering CCP capital and default fund contributions, SIFMA AMG members acknowledge that it is appropriate to find a balance between the incentives relevant to each constituency. Incentives to further encourage a CCP's management of market and other risks should be balanced against incentives to encourage clearing members and clients to manage their risks, including the responsibility for clearing members to manage both their and their customers' default risk, so that incentives for one constituency do not mitigate the other's responsibilities.

SIFMA AMG recommends that the Supervisory Authorities propose globally consistent CCP capital and default fund requirements including a requirement for CCPs to contribute to the default waterfall an amount of risk-based capital (in addition to the clearing member-funded default fund) to serve as an additional risk-management incentive (yet not as a meaningful loss-absorption resource).

We recommend CCPs to be required to reserve pre-funded dedicated own resources ("**skin-in-the-game**" or "**SITG**") for application in a default event after access to the defaulting end-user's initial margin and the defaulting clearing member's initial margin and default fund contribution and before access to the non-defaulting clearing members' default fund contributions and any additional assessments; and require a link between SITG usage and senior executive compensation. We recommend the development of an appropriate risk-based methodology for calculating and structuring the amount of CCP SITG taking into account the structure and the internal organization of the CCP and the nature, scope, complexity, and risk of their activities.

SIFMA AMG members maintain that most for-profit CCPs lack sufficient amounts of SITG to appropriately incentivize performance of their risk management responsibilities against their natural incentive to maximize shareholder returns as publicly owned companies (or subsidiaries of such companies). A SITG amount based on a meaningful percentage of the default fund is compelling as being directly tied to the size of the risk managed by the CCP and can adjust over time as such risk levels change.

3. **Many of the proposals recommend that a market participant group (e.g. all CCPs, all CMs etc.) be required to provide enhanced disclosure or adopt a new practice. Should the principle of proportionality, with requirements dependent on participant size or type, be used in determining how different firms apply the proposals? If so, in what ways? Please specify the proposal(s) in your response.**

SIFMA AMG members definitely support proportionality and advocate the main focus must be on CCPs given their criticality to market stability and, at least with smaller CCPs, some history of disruption. We should also point out that SIFMA AMG has partnered with FIA for the past several years to press CCPs for voluntary enhancements to the margin process as each of clearing members and clients share similar concerns as to the risks associated with CCP margin practices.

4. **Are there cases in the proposals where there could be an effect on bilateral market margining? If so, what are the factors or instances that should be taken into consideration to ensure that proposals for cleared markets do not negatively affect dynamics within other markets?**

Our sense is that the data cited by the Supervisory Authorities indicated far less of an issue with respect to the volatility of margin for non-cleared derivatives in March 2020 or in other similar events. For that reason, we do not have any concerns to express in this letter.

5. **Proposals 1 and 2 recommend that margin simulation tools be made available by all CCPs to all CMs and clients, with enhanced functionality.**

a. **Are there certain modes of access to CCP simulation tools which are less costly or more effective?**
b. **Are there any impediments to making simulators available to clients? To what extent could these impediments be mitigated or resolved, e.g. by changing the mode of providing access to tools, or how clients request access to tools? Does this depend on the format of CCP tool (e.g. the use of cloud technology, the use of APIs, etc.)?**
c. **Are there any reasons why the proposed historical and hypothetical scenarios to be provided as part of the simulator tool suite should differ from the CCP's current set of extreme but plausible stress test scenarios? In addition, would there be additional value in allowing users to customise their own scenarios within the simulator tool? If so, what types of customisation would be of most value?**
d. **Are there any elements of the initial margin calculation (e.g. add-ons) which would be difficult to incorporate into a standardised simulation tool? If so, what are the relevant challenges?**

Calibrating IM based primarily on very recent data (inappropriately short lookback periods) can be highly pro-cyclical. Calibrating margin using data from very long lookbacks reduces procyclicality but may leave the CCP exposed during volatility spikes. To reduce procyclicality, CCPs should ensure that the scenarios used in margin calibration include stress scenarios. That is, calibration data should cover a highly diverse set of potential market conditions.

Clients need consistent, accurate, and timely information with respect to a CCP's margin add-ons, situations where they are applied, and how they may impact IM calls. Currently, the use of add-ons is opaque, both as to how they operate and whether they apply across the board or to specific clients, products, and/or markets.

Use of how add-ons operate and whether they apply across the board or to specific clients, products, and/or markets could be difficult to establish. Further, as concentration margin add-ons, a type of add-on that is designed to address the risks of liquidating relatively large positions, should be based on a realistic estimate of the likely impact that liquidation would have on the price achieved in the market.

6. **Proposal 5 recommends a set of changes to the PQDs, further detailed in Table 5 of the report.**
    a. **With reference to Table 5, would the proposed additional data breakdowns and increased frequency of reporting facilitate market participants' understanding of the margin system?**
    b. **Would there be any challenges in providing the additional data breakdowns or higher reporting frequencies? If so, are there alternatives that would be equally effective? For instance, are there alternative modes of more frequent**

public disclosures that would achieve a similar goal but result in reduced burdens on CCPs?

c. **Are there any additional amendments to the PQDs, beyond those set out in Table 5, that would help market participants and stakeholders understand or anticipate changes in margin requirements? What would this information be, and how could this information be effectively incorporated into the PQD framework? For instance, would there be value in including additional non-quantitative information in the PQDs related to margin changes?**

d. **Are there any examples of current public disclosures by one or more CCPs which could be used as a guide for improved transparency?**

SIFMA AMG strongly believes the quantitative disclosures should provide a much more granular level of detail on how IM models performed. Such disclosures should be provided at least monthly, if not weekly, so that clients have a clearer window into their likely IM exposure in such scenarios. Further, increased frequency of reporting would facilitate market participants' understanding of the margin system. A significant lag exists in data that market participants receive.

We also believe that in the development and maintenance of margin models, the CCPs should be required to take input from market participants (including clearing members and market participants) that have significant experience in market risk management.

The establishment of intraday margin procedures cannot be viewed as distinct from the establishment of margin procedures taken as a whole. The reduction of surprises with respect to intraday margin depends on having transparent margin procedures generally and on having the start of day margin be as near correct as is possible.

7. **Please review the analytical annex detailing the proposed design of a margin responsiveness metric, as described in Proposal 6.**
    a. **Is the proposed method for measuring margin responsiveness (i.e. a large call metric), alongside the associated change in volatility, an informative way of measuring responsiveness? If not, what alternative approach or methodology should be used, and why would that alternate approach better aid market participants in their liquidity planning?**
    b. **For each parameter input for the responsiveness and volatility risk metrics, please select your preferred choice from the list below or provide an alternative option. Please provide an explanation and any supporting evidence for your choice.**
        i. **Large call window: five or 20 days.**
        ii. **Observation period: one quarter or one year.**
        iii. **Product vs portfolio reporting: Product, static portfolio, or dynamic portfolio. If supporting product-level reporting, please provide information on which products should be reported by the CCPs. If**

supporting static and/or dynamic portfolio reporting, please provide information on how the portfolios should be determined and an explanation for how that one portfolio would be representative of clearing activity at the CCP.

iv. **Volatility risk metric: Standard deviation or VaR (99%).**

v. **Volatility risk metric lookback period: 90 days or two years.**

c. **Are there other parameters where calibration decisions are necessary for consistent disclosure of either margin responsiveness or market volatility?**

d. **Do you foresee any challenges in the development and use of the proposed metric? For instance, are there challenges in applying a harmonised choice of parameter inputs across all CCPs and all products?**

IM calculations must take account of factors beyond the volatility of each individual position; the determination must take account of the size and concentration of a firm's position in the relevant security or other asset and of the liquidity of the position. It is likewise important to emphasize that margin calculations be based on periods of risk that allow for sufficient time to liquidate the relevant portfolios. Calculations must also address anti-pro-cyclicality elements to mitigate excessive margin volatility in times of market stress.

To mitigate liquidity concerns, CCPs should allow a broader range of liquid collateral, such as money market funds and U.S. government securities funds, to cover intraday calls for IM.

Another option would be for CCPs to secure pre-guaranteed liquidity lines with a diversified pool of counterparties that would be available to meet short term liquidity as well as bail-in capital needs in the event of one or more members defaulting.

Ad hoc intraday calls should be necessary only in times of extreme market dislocation or when the CCP has a large, uncovered exposure to a clearing member or potential exposure to a clearing member. While CCPs should be encouraged to perform frequent portfolio valuation / margin calculations for monitoring purposes, IM calculations should be robust and therefore sufficient to ensure that ad hoc intraday calls occur relatively infrequently.

It is of the greatest importance that margin calls, whenever they are made, be predictable. In order for them to be predictable, they must be established by an algorithm (which may include add-ons, so long as the triggers are known) that is transparent. Further, the CCP should provide, to the extent possible, timely information as to likely calls, including the possibility that a call may have included within it an add-on factor.

8. **Proposal 7 recommends that CCPs identify and define an analytical framework for assessing margin responsiveness within the broader context of margin coverage and cost.**
   a. **Are there other important balancing factors which should be taken into consideration when evaluating the performance of initial margin models?**

b. **What elements of the "trade-off" framework would most help regulators to better understand how a CCP balances between important risk management factors? In what ways would this framework be useful in identifying cases where a review of the model by the CCP and/or the authority would be beneficial?**

As noted previously, we strongly support the implementation of a consistent approach in measuring margin responsiveness as proposed. The resulting metrics should be disclosed publicly, consistently, and regularly by all CCPs globally. This will allow for a clear comparison between CCP performance in the same market cycle and encourage best practices by all CCPs.

9. **Proposal 9 recommends a number of enhancements to CM-to-client transparency.**
   a. **Are there aspects of the proposal that would be particularly valuable for clients, and are there aspects of the proposal that would be particularly challenging for CMs to meet?**
   b. **Do CMs currently provide any form of simulation tool, in addition to the tools provided by CCPs? For those who currently do not, what is the feasibility of CMs developing such tools? What functionality would be of most use to clients in CM-designed simulators?**
   c. **On the proposed quantitative disclosure described in 9e), do you have supportive or alternate views on the information that should be provided and the format in which the information should be disclosed?**
   d. **Do you agree that CMs should adopt an analytical framework for measuring the responsiveness of initial margin requirements for their clients, similar in nature to the proposed framework for CCPs described in Proposal 7? If so, in what ways might that framework need to differ from that used by CCPs, and in what ways might this depend on the type of CM covered?**
   e. **Do you foresee any barriers or challenges to CMs implementing the proposed disclosures, such as cost, negative effects on risk management, or any potential overlap with traditionally proprietary information?**

As noted previously, while our members have generally focused on the need for more robust margin practices and transparency with respect to CCPs, we can also appreciate that Proposal 9 will strengthen clients' understanding of clearing member margin practices. Sections D and E of Proposal 9 would be particularly valuable. We believe that the disclosure of such information by the clearing member to its clients will enhance the client's ability to manage its margin liquidity.

10. **Please review the list of example CM-to-CCP disclosures provided at the end of Section 4.3.2.**

a. **Would the information included in the proposed disclosures aid the CCP's own risk management processes? If not, is there alternative information which would be useful for CCPs to receive from members?**
b. **Is any of the information included in the proposal description either redundant or duplicative of information already available to the CCP, and thus of minimal value? Does any of the information included in the proposed disclosures differ by institution type?**
c. **Would collection of the information impinge upon current legal disclosure frameworks?**
d. **Do any of the example disclosures potentially overlap with traditionally proprietary information?**

As noted previously, in evaluating Proposal 10, we have concerns that the perceived benefits may be overstated and could introduce confidentiality and commercial concerns.

Given the lack of connection between the CCP and the ultimate client, we have reservations concerning a CCP's adjustment of margin levels and risk management based on a clearing member's client issues. This seems more appropriately managed by the clearing member who has significant visibility into individual client's strengths and weaknesses.

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SIFMA AMG looks forward to participating in future discussions on margin practices and CCP risk and resiliency and is available to discuss these comments. Should you have any questions, please contact William Thum at 202-962-7381 or bthum@sifma.org.

Respectfully submitted,

William Thum, Esq.
Asset Management Group
Managing Director and Assistant General Counsel