

## FAQ: CME Clearing's QCCP STATUS

### 1. What is a QCCP?<sup>1</sup>

- A qualifying central counterparty (“QCCP”) is an entity that is licensed to operate as a CCP (including a license granted by way of confirming an exemption), and is permitted by the appropriate regulator/overseer to operate as such with respect to the products offered. This is subject to the provision that the CCP is based and prudentially supervised in a jurisdiction where the relevant regulator/overseer has established, and publicly indicated that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the Committee on Payments and Market Infrastructures (“CPMI”) and the International Organization of Securities Commissions’ (“IOSCO”) *Principles for Financial Market Infrastructures* (“PFMIs”).<sup>2</sup>
- In addition, for a CCP to be considered a QCCP, the CCP must make available or calculate required data for the purposes of calculating the capital requirements for default fund exposures.

### 2. Is CME Clearing a QCCP?

- CME Clearing satisfies the criteria established for a QCCP established in the Basel Committee on Banking Supervision’s *Capital requirements for banks exposures to central counterparties* under the interim capital framework (BCBS227) and final standard (BCBS282)<sup>3</sup>, and pursuant to U.S. regulations. This is the case across all of our product offerings – e.g., exchange-traded derivatives and OTC products. As referenced in BCBS282, related to the determination of QCCP status relative to the PFMIs, the Commodity Futures Trading Commission (“CFTC”) has adopted regulations that implement and apply the PFMIs. Further, pursuant to paragraphs 122 and 123 of BCBS227, CME Clearing computes capital requirements under Method 1 in accordance with the specified template and provides results directly to its clearing members. CME Clearing also computes capital requirements in accordance with paragraphs 205 through 207 of BCBS282 and provides results directly to its clearing members.
- Additionally, unique to the regulatory requirements in the European Union a non-E.U. CCP (i.e., third-country CCP under E.U. regulations) must be recognized with the European Securities and Markets Authority (“ESMA”) to qualify as a QCCP. Chicago Mercantile Exchange Inc., which operates CME Clearing, received recognition from ESMA in June 2016 and thus, prudentially regulated E.U. market participants are able to treat CME Clearing as a QCCP.

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<sup>1</sup> <https://www.bis.org/publ/bcbs282.pdf>

<sup>2</sup> Committee on Payment and Settlement Systems (later renamed the Committee on Payments and Market Infrastructures) and Technical Committee of the International Organization of Securities Commissions, *Principles for Financial Market Infrastructures* (Apr. 2012).

<sup>3</sup> <https://www.bis.org/publ/bcbs282.pdf>