

# Counterparty Default Management

Proposed Working Group Structure and  
Inaugural Meeting Agenda

4<sup>th</sup> January 2012

# The **Realization** Group

## post trade services

### TRG Post Trade Services - Counterparty Default Management Working Group

Venue: TBC –

*The intention is to rotate the hosting of Working Group Meetings across the membership. We will confirm the venue for the first meeting very shortly.*

Date: Wednesday, 8<sup>th</sup> February 2012

Time: 4.30 – 6.00pm (duration 1.5 hours)

### Proposed Working Group Key Objectives

- Identify key challenges and barriers to harmonisation and standardisation of default management practices across major market infrastructure providers e.g. exchanges, clearing houses, central securities depositories.
- Prioritise the key challenges and barriers in terms of impact and importance to markets and its participants.
- Define an approach to removing the barriers and addressing the challenges with the aim to establishing harmonised and standard practices across all markets and underlying infrastructures
- Establish best practice frameworks for market participants to manage counterparty defaults effectively minimising market, credit, liquidity, operational and capital risks.

### Proposed Working Group Structure

- The Working Group will be sub-divided into three groups:

#### **1. Infrastructures**

Focussing on all market infrastructure issues, challenges and defining the underlying solutions to harmonise and standardise default management practices (where practical) and encourage open communication and co-operation in the event of a counterparty defaulting.

#### **2. Risk**

Focussing on the issues, challenges and barriers to effective counterparty default management and establishing best practice frameworks for counterparty, operational, credit, liquidity capital risk management and how they specifically impact counterparty default events.

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### 3. Legal and Regulatory

Focussing on the existing legal and regulatory issues concerning counterparty default management and barriers to standardisation and harmonisation. This group will also provide guidance and advice to facilitate the implementation of the proposals put forward by the Infrastructures and Risk sub-working groups.

- Each sub-working group will be overseen by a Steering Committee that will be comprised of independent members and members of the sub-working groups. The Steering Committee will establish its own terms of reference.
- All three sub-working groups will be responsible for establishing their own terms of reference and membership with prior approval from the Steering Committee.

### **Proposed Agenda for First Meeting:**

- Define and agree Working Group key objectives
- Agree Working Group structure and governance
- Appoint heads of each sub-working group
- Agree format and composition of each sub-working group

For further information or to register your interest in the working group please contact:

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