

## **Systemic risk arising from**

- Counterparty credit risk uncertainty (opacity)
- Leading to withdrawal of funding (run)
- Size gross of positions

## **Advantages of CCPs in systemic risk reduction**

- Robust bank-independent structure
- Transparency of prices and CCP exposures
- Reduced incentives for runs and market freeze-up
- Elimination of redundant positions (smaller gross size)
- Natural point of government intervention

## **Problems needing to be solved**

- Standardization v customization
  - Creating incentives to move to central clearing
  - Margining for “jump payoff” derivatives (CDSs)
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