

# PRESS RELEASE

日本証券クリアリング機構 プレスリリース



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Japan Securities Clearing Corporation

## Global Drill Simulating the Default of a Large-sized Financial Institution

Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”) conducted a fire drill simulating the default of a large-sized financial institution, aligning with major CCPs in other countries<sup>1</sup> (hereinafter referred to as “Global Fire Drill”) during the period from November 13, 2023 (Mon.) to November 20, 2023 (Mon.), with participation of the Financial Services Agency and the Bank of Japan, in addition to 52 financial institutions, such as banks and securities companies.

Each of the participating CCPs established or reinforced their default management functions to prevent contagion from the default of a member financial institution impacting other market participants, which could potentially develop into a future financial crisis. The Global Fire Drill was the first coordinated simulation where key global CCPs conducted a simultaneous default settlement drill, which simulated the default of a hypothetical global financial institution.

JSCC had previously established a robust default settlement framework to manage the default of a financial institution participating in clearing of listed or OTC transactions (Clearing Participant). This framework is designed to manage the disposal of collateral posted by a defaulted Clearing Participant, as well as liquidating its unsettled positions to prevent any impact on other market participants. These measures are one of the critical functions of a CCP, and JSCC continuously strives to maintain and enhance its default settlement framework, taking into account any findings and insights gained from regular fire drills, including this Global Fire Drill (see the reference material, for an outline of the Global Fire Drill).

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<sup>1</sup> The first drill initiated by “CCP Global”, the international association of CCPs globally. 31 CCPs participated, including Chicago Mercantile Exchange Group in the U.S. and LCH Ltd in the U.K.

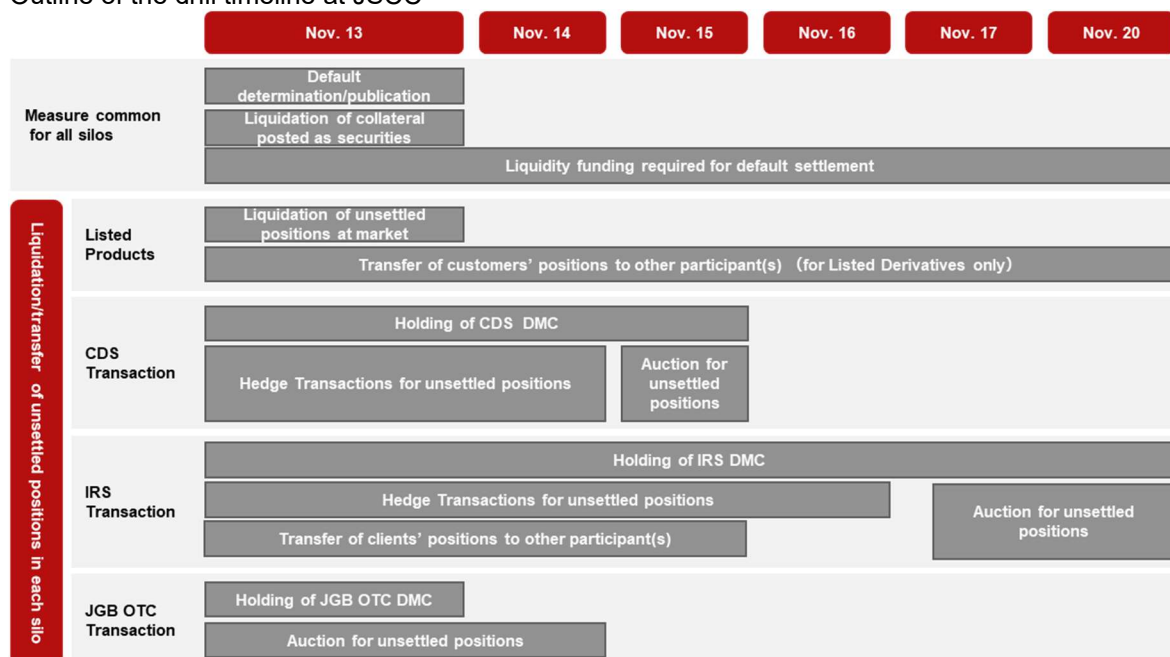
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(Reference)

### Outline of the drill

<b>Drill period</b>	Simultaneous/parallel drill conducted in all silos during the period from Nov. 13 to Nov. 20.
<b>Defaulting participant</b>	Drill conducted with an assumption that the default of a hypothetical Clearing Participant with qualifications for all silos (ACME:A Clearing Member Everywhere) has occurred in the early morning on Nov. 13.
<b>Relevant Parties</b>	Drill conducted with participation of the relevant parties, such as Clearing Participants (including DMC members), liquidity providing bank, the FSA and the BOJ.

### Outline of the drill timeline at JSCC



### Contact Points related to this Press Release

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