

Olaf Sleijpen: Central counterparties - central to protecting financial stability

Speech by Mr Olaf Sleijpen, Executive Board Member of Monetary Affairs and Financial Stability of De Nederlandsche Bank, at the annual meeting of central counterparties, Amsterdam, 19 June 2025.

* * *

It's a real pleasure to be here with you today-and not just anywhere, but in a place steeped in history. This magnificent building once housed the Admiralty of Amsterdam. Back in the 17th century, during the Dutch Republic, this was the nerve centre for naval protection-not just for this city, but for much of the country.

And how fitting it is that we gather here today for the annual meeting of CCP Global. Because, in your own way, you too are protectors. You safeguard the financial system. You stand as a buffer against instability. You ensure that financial services continue to flow-to businesses, to households, to society.

Your work matters. Deeply. And CCP Global plays a vital role in strengthening the resilience of CCPs around the world. So let me start by saying: thank you. Thank you for the work you do. And thank you for inviting me to be part of this important conversation between CCPs, central banks, and regulators.

When I joined the board of the Dutch central bank in 2020, I took on responsibility for Monetary Affairs, including Payments and Market Infrastructures. I had some familiarity with central clearing from my time overseeing pension fund supervision. And our paths crossed when I was working in the pension industry myself. But I'll admit-this world was still somewhat new to me.

What I did remember vividly, though, was the chaos of the 2008 financial crisis. Amid the turmoil of Lehman Brothers' collapse, the CCPs remained strongholds of stability and trust. And that made one thing very clear-central clearing is a cornerstone of financial stability.

But with great importance comes great scrutiny. Governments and regulators said: 'Thank you, CCPs. You know what? You are so important, you deserve more supervision.' And so, the spotlight turned to you-not just from central banks, but from market supervisors as well.

Enter CPMI-IOSCO, arguably the longest acronym in the world of financial regulation. For those who need a refresher: it's a collaboration between the BIS Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO). A marriage between central banks and market regulators. I had the honour of co-chairing the Policy Standing Group from 2022 until recently, and I now co-chair the Steering Group.

The Principles for Financial Market Infrastructures, launched in 2012, are one of our proudest achievements. Since then, we've worked to keep those principles relevant-by developing guidance and by applying them to new challenges and emerging risks.

Let me name a few of those challenges.

First: margining. The COVID-19 pandemic brought a 'dash for cash' that tested our systems. Margining, while essential for safety, also created liquidity strains. Initial margin spikes and variation margin hiccups caused serious challenges for market participants. Central banks had to step in to avert a crisis. It was a wake-up call. We needed better regulation, better practices.

Afterwards, policymakers and industry leaders came together to set standards for how margining could better contribute to safer and more stable markets. The community found that initial margining should most prominently be anti-cyclical. We formulated recommendations to that end and CCPs went on to implement them. The importance of strengthening margining was confirmed during the volatility following Russia's attack on Ukraine and during the turmoil in the UK gilt market. Without proper liquidity management in the form of margining, these events would have caused much more financial instability.

I think the work on margining is a great example of how the standard setting bodies and the sector, working together, can achieve great things. And now we have to finish what we started, notably implementing it in local regulation and in CCP practices. So to all of you I would say: continue the work on margining.

Second: non-default losses. We've made great strides in managing default risk and related losses. But what about cyber risk? Legal risk? Climate risk? These can also threaten CCPs and cause losses.

The risk of cyberattacks is particularly urgent. Market infrastructures occupy a unique position in the cyberthreat landscape. You may be targeted less often than banks-but if you are hit, the consequences could be enormous. That's because your systems are critical. And your numbers are few. If party A goes down, it can be difficult for party B to compensate. These features make CCPs an attractive target, in particular for nation-state actors who want to cause maximum disruption.

So CCPs need to stay alert to cyber risk, including managing possible losses if these risks materialise. At CPMI-IOSCO, we have been thinking hard about how CCPs should address non-default losses, keeping in place plans for recovery and orderly wind-down, and balance sheet capacity. We will share our findings with you soon.

Third: resolution. One of the deliverables of the last three years was the FSB report on instruments and resources in CCP resolution, that came about with the help of the industry and CPMI-IOSCO. Having the proper toolbox for CCP resolution is important, not only for the trust in CCPs, but also for providing clarity to clearing members and other stakeholders on what they can expect in crisis situations. It is now up to national regulators and the CCPs to implement the recommendations in this report.

So margining, non-default losses, resolution, this is all work in progress. What else do we see? As our work programme says: 'CPMI-IOSCO will continue its horizon scanning for emerging issues in FMI risk management'. I'd say, we should also take a look at what's right on our doorstep. I would call them the three 'ations' (with a letter t): digitalisation, non-bank financial intermediation and geo-economic fragmentation.

It may not surprise you that digitalisation brings opportunities and risks for CCPs. I already mentioned cyber risk. But what is the impact of Distributed Ledger Technology on clearing and settlement? Will there be an uptake of tokenised securities, derivatives, stablecoins? And what does digitalisation mean for trading, clearing and settlement? In the world that we know, trading takes place on a trading venue or over the counter, clearing at a CCP and settlement at a CSD. Will tokenisation change this? And if there is a mixture of roles, how will CCPs deal with this? How do we keep the right governance in place?

Then non-bank financial intermediaries, or NBFIs. The NBFIs sector has grown into a critical part of the financial system. It brings real benefits. NBFIs offer a diversified source of funding. But they also carry vulnerabilities-liquidity mismatches, leverage, and inadequate margin preparedness.

The FSB has done a lot of work to make this part of the financial system more safe. Notably, it has put forward policy recommendations to enhance money market fund resilience, to address structural liquidity mismatch in open-ended funds, and to enhance margin practices. Recommendations which now have to be implemented by national jurisdictions.

But more recently we have also seen the growing importance of stablecoin issuers, payment service providers of all kinds, etcetera. What is the impact on CCPs? Can CCPs also mitigate risks caused by these new developments, for example by offering cleared repo? These are questions that both the industry and regulators will have to address.

I would like to end with some remarks on our work in the context of the current geopolitical climate. Global cooperation is harder in a fragmented world. But it is also more essential. Not only because our work almost by definition crosses borders. But also because geo-economic fragmentation, brings about new types of risk. Think of cyber risk, and the risk of strategic dependencies. In a world that is becoming more dangerous, a lack of international cooperation is an accident waiting to happen.

So how do we limit the impact of political fragmentation on the global standard setting community? It is important that, apart from continuing to do our jobs, we stay committed to international cooperation and the institutions that support it, like the FSB and CPMI-IOSCO.

And I also look at you. CCPs are almost by nature global institutions that thrive on global cooperation and multilateralism. The more the industry can do by itself in order to improve the robustness and transparency of its activities, the better. So I would encourage CCP Global to continue its initiatives to strengthen CCP resilience: by

developing best practices among yourselves, by continuing to organise the global drills, by ensuring higher transparency around margins, and by improving the quality and frequency of the Public Quantitative Disclosure.

Compared to some other parts of the financial industry, the cooperation between CCPs, central banks and regulators is very constructive. I believe that's because we all think like risk managers. For you, safety and trust are your business model. For us central banks, it is our mission.

So let's treasure that cooperation. Let's nurture it, through meetings like this one, here in the former Admiralty of Amsterdam. Let's protect the world of clearing. Let's keep it safe, stable, and strong.

Thank you.