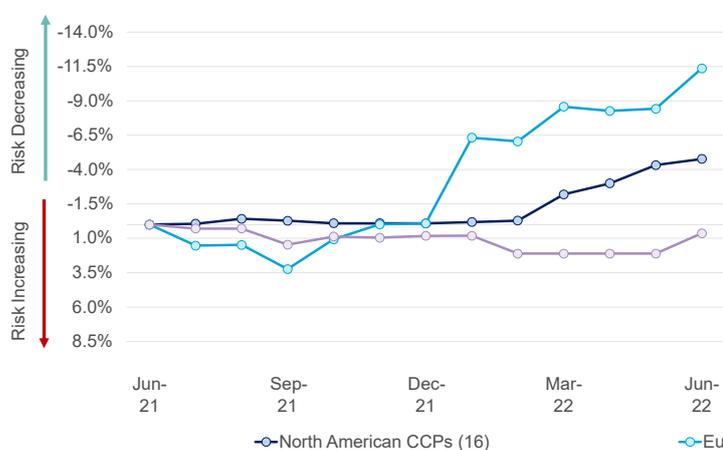# Credit Benchmark®

CCP Monitor: Improving Risk Trends, Member Upgrades Dominate
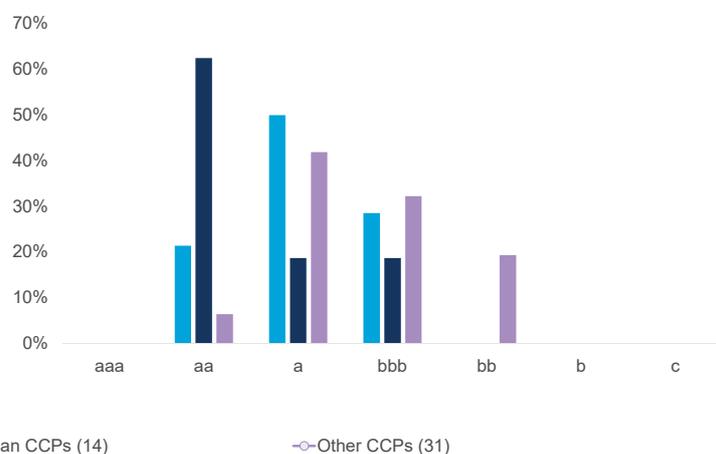
August 2022

The latest Central Counterparty Clearing House (CCP) monitor produced by Credit Benchmark shows further improvements in credit quality in the two main regions. Figure 1 shows changes in credit risk over the last year (left hand chart), and current credit risk distribution (right hand chart), split by Europe, North America and Other.

Figure 1: Global CCP Aggregated Consensus Credit Risk

Average Consensus Credit Risk of Global CCPs

Consensus Credit Risk Distribution of Global CCPs

- North American CCPs (16) - European CCPs (14) - Other CCPs (31)

European CCP credit risk was the first region group to improve, with a significant increase in credit quality from the beginning of this year. North American CCP credit risk has steadily improved from Feb-22 although at a slower rate than European CCPs. The broader "Other CCP" group shows its first improvement for over 6 months.

Overall credit quality is very high, with 60% of North American CCPs in the **aa** category and the majority of European CCPs in the a category. Outside of these regions, there are some CCPs in the **bb** (i.e. High Yield) category.

Figure 2 is an extract from the latest CCP monitor, showing median consensus credit risk data on CCPs members, as well as their credit distribution and the proportion of upgrades vs. downgrades. Note that CCP risk is not a linear function of member risk: median member risk does not necessarily reflect CCP direct credit worthiness.

Figure 2: Global CCP Aggregated Member Credit Risk

Name	CCP Member Aggregate*										
	Member Coverage**	Median	aaa	aa	a	bbb	bb	b	c	UG↑	DG↓
North America											
CANADIAN DEPOSITORY FOR SECURITIES	51/97 (53%)	a-		5	26	15	5			6%	5%
CANADIAN DERIVATIVES CLEARING CORP	30/37 (81%)	a-		5	13	9	3			8%	3%
CHICAGO MERCANTILE EXCHANGE INC	48/63 (76%)	a-		2	29	9	8			11%	11%
CME GROUP INC	48/63 (76%)	a-		2	29	9	8			11%	11%
DEPOSITORY TRUST AND CLEARING CORPORATION	162/236 (69%)	a-		13	75	39	35			6%	5%
FIXED INCOME CLEARING CORP - GOV	143/195 (73%)	a-		15	79	28	21			10%	7%
FIXED INCOME CLEARING CORP - MBS	120/142 (85%)	a		25	57	21	17			6%	8%
ICE CLEAR CREDIT LLC	29/29 (100%)	a		4	23	2				21%	17%
ICE CLEAR US INC	27/34 (79%)	a-			16	4	7			6%	12%
ICE NGX CANADA INC	124/206 (60%)	bbb+		7	44	44	27	2		3%	1%
MINNEAPOLIS GRAIN EXCHANGE INC	10/12 (83%)	a-			5	1	4				17%
NATIONAL SECURITIES CLEARING CORP	223/668 (33%)	a-		16	123	45	35	4		2%	3%
NODAL CLEAR LLC	13/15 (87%)	a-		1	10		2			7%	7%
OPTIONS CLEARING CORP	89/107 (83%)	bbb			36	24	29			7%	6%
APAC											
ASIA PACIFIC EXCHANGE GROUP HOLDINGS PTY LTD	1/7 (14%)	bbb-				1					

To illustrate this, Figure 3 shows Credit Consensus Rating (CCR) for some of the main CCPs – and many of these are not rated by the major CRAs.

Figure 3: Global CCP Entity Consensus Credit Risk

Name	Country	Credit Consensus Rating
ASIGNA COMPENSACION AND LIQUIDACION	Mexico	**bbb**
ASX CLEAR FUTURES PTY LTD	Australia	**aa-**
ASX CLEAR PTY LTD	Australia	**aa-**
BME CLEARING	Spain	**a-**
CANADIAN DEPOSITORY FOR SECURITIES	Canada	**aa-**
CANADIAN DERIVATIVES CLEARING CORP	Canada	**a+**
CASSA DI COMPENSAZIONE E GARANZIA	Italy	**bbb**
CCP AUSTRIA ABWICKLUNGSSTELLE FUER BOERSENGESCHAEFTE GMBH	Austria	**a-**
CENTRAL DEPOSITORY PTE LTD	Singapore	**a-**
CHICAGO MERCANTILE EXCHANGE INC	United States	**aa-**
CHINA FINANCIAL FUTURES EXCHANGE	China	**bbb**
CHINA SECURITIES DEPOSITORY AND CLEARING CORP LTD	China	**bbb**
CLEARING CORP OF INDIA LTD	India	**bbb-**
CME GROUP INC	United States	**aa-**
DEPOSITORY TRUST AND CLEARING CORPORATION	United States	**aa-**
DEPOSITORY TRUST CO	United States	**aa**
EUREX CLEARING AG	Germany	**aa-**
EUROPEAN CENTRAL COUNTERPARTY	Netherlands	**a-**
EUROPEAN COMMODITY CLEARING	Germany	**a**
FIXED INCOME CLEARING CORP	United States	**aa**
HKFE CLEARING CORP LTD	Hong Kong	**a**
HONG KONG SECURITIES CLEARING CO LTD	Hong Kong	**a-**
ICE CLEAR CREDIT LLC	United States	**aa-**

For example, the Canadian Derivatives Clearing Corporation has a CCR of **a+**, but the median rating across more than 80% of the members in Figure 2 is **a-**. Similarly, the CME has a CCR of **aa-** but the median across 76% of its members is again **a-**.

CCPs are major users of Credit Consensus data, and as interest rates rise there is a growing focus on credit risk concentration and early indications of changes in credit trends. Consensus data is also available as a download for more than 1000 aggregates, including various financial subsectors. These can be used to calculate upgrade/downgrade ratios and default risk correlations across geographies, industries and sectors.

For the latest full CCP report, click here.

To arrange a demo of all single name and aggregate data, please request this by sending us an email.

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Credit Consensus Ratings and Analytics

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Credit Benchmark provides Credit Consensus Ratings and Analytics based on contributed risk views from 40+ of the world's leading financial institutions, including 15 GSIBs, domiciled in the US, Continental Europe, Switzerland, UK, Japan, Canada, Australia and South Africa.

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Credit Benchmark fills an information gap left open by traditional credit risk content providers by offering a timely, comprehensive view of credit risk which proves complementary to issuer-paid rating agencies and third party model vendors. The first of its kind "credit consensus" data reflects the expertise of more than 20,000 credit analysts across the contributing group – a powerful example of the wisdom of crowds.

Credit Consensus Ratings and Analytics are available on over 60,000 corporate, financial, fund and sovereign entities globally, most of which are unrated by credit rating agencies.

Data that works for you

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Data Use Cases

- › **Counterparty Risk Management**
- › **Credit Risk Management**
- › **Systematic Credit Trading**
- › **Securities Finance**
- › **Supply Chain Risk**
- › **Trade Credit Insurance**

- › **Fund Management**
- › **Regulation, RWA & Capital**
- › **Onboarding, KYC & Relationship Management**
- › **Point-in-Time (PIT) Impairments**
- › **Accounts Payable & Receivable**

10 Million
Contributed Credit Risk Estimates Per Year
40 Million+ Estimates Collected Since Launch

60,000+
Entities Covered

2x
Twice Monthly Frequency

75%
Unrated by Major Credit Rating Agencies

1,200+
Aggregates

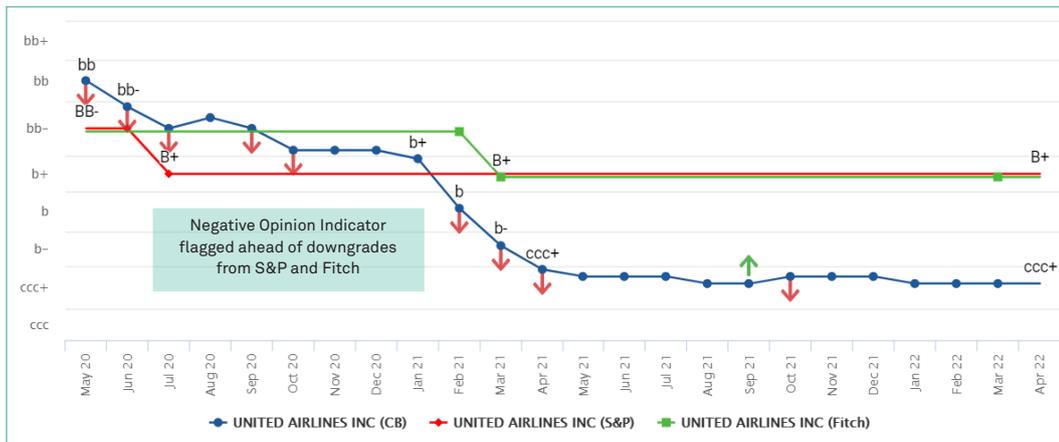**160+**
Countries

80+
Months of Data

50+
Data Metrics

40+
Contributing Financial Institutions Representing a Pool of 20,000+ Credit Analysts

Real-world risk views with unparalleled consensus coverage

Credit Benchmark Web App: Entity-Level Data Sample

Credit Consensus Rating: Unique measure of creditworthiness based on the views of 40+ leading global financial institutions

Consensus Analytics: Insights into the depth, dispersion, movement, and directionality of the Credit Consensus Rating's underlying views

Opinion Indicator: Month over month observation-level net downgrades or upgrades

Credit Benchmark Web App: Data Screen Sample

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Credit Benchmark data is available via our Web App, Excel add-in, API, flat-file download, and third-party channels including Bloomberg.

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