CCP Global Annual Meeting

23 June 2026

Amsterdam

Opportunities and risks for CCPs and their overseers in a changing environment

Keynote speech

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I would first like to warmly thank Teo and the organisers for their invitation and for offering me the opportunity to speak, at the occasion of the CCP Global Annual meeting, about the opportunities and challenges I see for CCPs in the current environment in which they have to operate. Indeed, CCPs operate today at the centre of a financial system exposed to profound transformations and to a multiplication of external shocks.

When the extension of the recourse to CCPs was promoted by G20 leaders it was with first the clear objective of improving financial stability by simplifying the network of counterparty exposures between financial institutions and reducing the aggregate size of these exposures and second, the understanding that the effectiveness of a CCP's governance arrangements and risk controls and the adequacy of its financial resources were critical to achieving this role of financial stability enhancer.

International standards for risk management by FMIs were therefore developed and strengthened and oversight intensified, to ensure that CCPs manage their risks and resources sufficiently well in order to be resilient to shocks and to play their financial stability intended role.

Against this backdrop, I would first like to discuss the main transformations currently reshaping the environment in which CCPs operate and the opportunities and risks that these transformations create in terms of CCPs' impact on financial stability, before turning to the priorities that these developments imply for supervisors and overseers.

1. As regards the transformations that create opportunities and risks for CCPs, let me highlight three of them of particular importance, from my perspective

1.1 First, the growing role of NBFIs in financial markets

Non-bank financial institutions (NBFIs), such as investment funds, hedge funds, pension funds and insurance companies, now account for a growing share of activity across several market segments, especially in repo markets where NBFIs are responsible for more than 40% of non-centrally cleared euro-denominated cash borrowing repo transactions compared with less than 30% at the end of 2020.[1] Their share is likely to continue to grow, mainly supported by the sustained increase in public debt issuance in the euro area we have witnessed since 2008.[2]

This shift may, however, have destabilising effects. Indeed, recent financial market disturbances, in particular the March 2020 "dash for cash" episode and the 2022 UK gilt crisis, have highlighted how the business models of some NBFIs can exacerbate market stress, notably through an excessive use of leverage.

The use of central clearing constitutes a response to some of the vulnerabilities associated with the rise of NBFIs in repo markets. Indeed, by centralising and mutualising counterparty risk, CCPs help reduce counterparty risk, limit contagion effects and ensure market continuity during periods of stress.[3] I understand that it is notably in light of these benefits that the Securities Exchange Commission introduced in 2023 a mandatory clearing requirement, which will progressively cover around 80% of the US Treasury repo market. Discussions on the subject are also underway at the European Systemic Risk Board[4] and the Bank of England.[5] This development creates significant commercial and strategic opportunities for CCPs seeking to broaden access to central clearing for non-bank participants. To this end, they have started to develop sponsored clearing arrangements aimed at facilitating buy-side access to CCPs, while maintaining robust risk management standards. While such models are already widely used in the United States, particularly in

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[1] O'Donnell C. and Tamburrini F., *Central clearing and the growing presence of non-bank financial intermediation in euro area government bond repo markets*, ECB Macroprudential Bulletin, January 2025.

[2] Euro indicators dashboard - Eurostat : the government debt-to-GDP ratio rose from 67% in 2008 to 88% at the end of 2025.

[3] See work from the ESRB (2024), A system-wide approach to macroprudential policy and the FSB (2026), Vulnerabilities in Government Bond-backed Repo Markets

[4] ESRB, A system-wide approach to macroprudential policy, November 2024

[5] Enhancing the resilience of the gilt repo market, September 2025

the US Treasury repo market, Europe is still at a relatively early stage of development, with sponsored clearing models representing merely 5,8% of total repo transactions.

1.2 The second transformation I would like to highlight is the acceleration of technological innovation

For instance, the adoption of cloud technologies is well underway across financial market infrastructures and raises significant expectations in terms of operational efficiency, scalability and resilience. AI technologies also offer substantial potential, extending beyond cybersecurity improvements to broader operational and strategic benefits. While advanced machine learning enhances anomaly detection and threat identification, AI can also drive process automation, optimise resource allocation, and improve real-time risk monitoring.

1.3 The third transformation of importance is the development of tokenisation

CCPs seem to be still in the exploratory phase when it comes to tokenisation. Expected benefits of such developments could nevertheless be twofold for CCPs:

- Enhanced efficiency and accessibility in collateral management through the integration of distributed ledger technologies (DLT) into collateral management processes, in order to allow the instant transfer of natively tokenised securities between participants, thereby facilitating collateral mobilisation and margin transfers;
- Expansion of the pool of eligible collateral, provided that new tokenised assets meet the eligibility criteria as collateral. Discussions are underway at the EU-level within ESMA, as well as at the Bank of England which recently launched a public consultation on the matter, jointly with the UK Financial Conduct Authority.[6] The United States is even further ahead on this topic, as the Commodity Futures Trading Commission (CFTC) already issued guidance in December 2025 on the use of tokenised assets as collateral in the trading of futures and swaps.

These developments can, however, give rise to several challenges, notably regarding market fragmentation and liquidity constraints linked to the use of tokenised assets as collateral. I will further discuss the implications of tokenisation for markets and financial market infrastructures in the next workshop on tokenisation.

[6] Call for Input: The future of tokenisation - A joint vision from the authorities for UK wholesale financial markets. ESMA has informed the NCAs responsible for CCPs oversight within the EU of a similar initiative in May 2026.

2 These transformations are creating opportunities for CCPs but they are also generating new risks

2.1 The growing integration of NBFIs into central clearing is a case in point, raising important financial stability considerations

First, as an increasing share of market activity becomes centrally cleared, a larger portion of financial risk is concentrated within a limited number of critical infrastructures, further increasing the systemic importance of CCPs, but also sponsor banks. Depending on the model framework, sponsor institutions may remain exposed to part of the operational, liquidity and counterparty risks generated by their clients.

Moreover, although CCP margin frameworks are subject to extensive regulatory requirements and associated supervisory scrutiny, the greater participation of leveraged non-bank financial institutions may amplify procyclical dynamics during periods of market stress.[7]

2.2 Beyond these financial stability concerns, CCPs must also adapt to a rapidly evolving risk environment

CCPs increasingly rely on a limited number of critical third-party technology providers, including cloud service providers, cybersecurity firms and specialised software vendors, thereby reinforcing concentration risk and dependence on third parties, which may constitute single points of failure for the financial system. Operational disruptions affecting one critical provider could therefore rapidly spread across interconnected financial market infrastructures and generate broader systemic consequences. The past few years have been marked by several prominent examples, including the CrowdStrike incident in 2024, the ransomware attack on Colt in 2025, and the compromise of widely used software and development components. It is a risk that may be further exacerbated by the current geopolitical uncertainties.

In addition, the development of AI also increases risks with the growing sophistication, scale and speed of cyber threats. In particular, the emergence of highly advanced AI models, or “frontier AIs” such as Mythos, will significantly shorten the time between the identification of a vulnerability and its potential exploitation by malicious players. Organisations will then need to shift from traditional periodic patching models toward continuous, exploitability-driven remediation.

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[7] ESRB (2020), Mitigating the procyclicality of margins and haircuts in derivatives markets and securities financing transactions, January.

3 <u>In this evolving environment</u>, marked by rapid technological progress, heightened cyber risks and a more uncertain geopolitical context, **<u>we at the Banque de France, like many supervisors and overseers, are guided by two closely intertwined objectives</u>**: strengthening the resilience of the financial system while ensuring that it can fully harness the opportunities brought by innovation. We pursue these objectives both nationaly and at the European and international level.

3.1 We notably support and are deeply involved in the provision by the Eurosystem central banks of a wholesale central bank digital currency (CBDC) in euro, which is scheduled to be rolled out this autumn 2026. This initiative is intended to help foster innovation in market infrastructures, enabling European financial markets to reap the benefits of distributed ledger technologies, while also contributing to greater market integration and reinforcing European financial sovereignty. The Banque de France, alongside the French Treasury's and French financial market representatives, recently put in place a Strategic Group for the French marketplace aimed at identifying concrete projects and facilitating the adoption of distributed ledger technology. I will elaborate further on the main activity of this Strategic Group in the follow-up workshop on tokenisation.

3.2 At the European level, discussions are underway to further strengthen and harmonise the European supervisory framework for CCPs. In this respect, the Market Integration Package, published by the Commission last December, represents for us an important step towards deeper market integration, notably through the proposed centralisation of the supervision of significant CCPs under ESMA. However, important questions remain regarding how this supervision should be organised and, in particular, how to preserve strong coordination mechanisms with national competent authorities. In this regard, and I say this on the basis of my personal experience as member of the SSM Supervisory Board since 2017, banking supervision offers a valuable lesson. The Single Supervisory Mechanism has demonstrated the benefits of integrated supervision based on Joint Supervisory Teams (JSTs), combining a strong European perspective with meaningful national involvement. It has notably addressed the level playing field issue, which I still hear far too often when it comes to CCPs oversight.

As for the management of ICT-related risks, including those coming from third party service providers, the entry into application of DORA in January 2025 should be helpful in introducing an EU-wide framework. The start of the new oversight regime on Critical Third Party Service Providers will contribute to strengthening the direct supervision of systemic

ICT dependencies, but also help market participants including CCPs to improve the management of concentration risks, and visibility on supply chain risk exposure.

3.3 Finally, at the international level, work is underway within the CPMI-IOSCO to further strengthen the resilience of CCPs. In this regard, I would like to highlight the recent work carried out regarding the CCPs' frameworks for initial margin and variation margin, following the review of margin practices by the standard-setting bodies; I would also like to highlight a new guidance on FMIs' management of general business or non-default losses. The analytical and policy work CPMI and IOSCO are accomplishing together on these matters is essential to promoting consistent standards across jurisdictions. From an operational resilience perspective, I would also like to mention the ongoing work carried out by the CPMI and IOSCO on a toolkit that provides practical advice on how to implement certain key topics of the PFMI and the 2016 guidance on cyber resilience for FMIs. It covers for instance developing response, resumption and recovery plans following an incident, scenario design and testing. A discussion paper on third party risks is also under preparation to help structure a dialogue with market participants on this important topic.

Conclusion

CCPs have clearly been part of the solution since the Global Financial Crisis, contributing significantly to the resilience and stability of financial markets in recent episodes through robust risk management frameworks, supported by close supervision. However, the financial system is evolving rapidly, driven by technological innovation, the growing role of non-bank financial institutions and increasing interconnectedness. It is therefore essential that CCPs continue to adapt in order to remain effective anchors of financial stability in this changing environment.

At the Banque de France and the ACPR, we stand ready to support these changes while ensuring that sound risk management remains at the core of CCP activities.

Thank you for your attention.