

OTC Derivatives Market Reforms

Twelfth Progress Report on Implementation

29 June 2017

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1. Introduction and Executive Summary

Overall, progress continues to be made across the over-the-counter (OTC) derivatives reform agenda.¹ Most notably, since the FSB's eleventh progress report on implementation,² the number of member jurisdictions with comprehensive³ margining requirements for non-centrally cleared derivatives (NCCDs) increased by 11 to a total of 14 (out of 24 FSB member jurisdictions⁴) as at end-June 2017.⁵ Progress continued, albeit at a slower pace, in implementing central clearing frameworks, capital requirements for NCCDs, and platform trading requirements. Other developments, such as authorisation of new trade repositories, also continued.

As a result of cumulative implementation progress, comprehensive trade reporting requirements for OTC derivatives and higher interim capital requirements for NCCDs are mostly in force.⁶ Central clearing frameworks have been implemented in almost three-quarters of jurisdictions and requirements to clear specific products have been adopted in almost half; while platform trading frameworks are still relatively undeveloped. Final capital requirements for NCCDs are yet to be implemented in most jurisdictions.

Trade reporting: Nineteen out of 24 member jurisdictions have comprehensive trade reporting requirements in force; this is the same as at end June 2016. By the third quarter (Q3) of 2017, 23 FSB member jurisdictions expect to have such requirements in force. Work is continuing at international and national levels to address key issues in reporting to and accessing data from trade repositories (TRs), including work on data harmonisation and removal of legal barriers to reporting and access to TR-held data. TR availability is increasing.

Central clearing: Seventeen FSB jurisdictions have in force comprehensive standards/criteria for determining when standardised OTC derivatives should be centrally cleared, up from 14 at

¹ In September 2009, G20 Leaders agreed in Pittsburgh that: "All standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements. We ask the FSB and its relevant members to assess regularly implementation and whether it is sufficient to improve transparency in the derivatives markets, mitigate systemic risk, and protect against market abuse." In November 2011, G20 Leaders in Cannes further agreed: "We call on the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO) together with other relevant organizations to develop for consultation standards on margining for non-centrally cleared OTC derivatives by June 2012." In September 2013, G20 Leaders in St. Petersburg further agreed in relation to OTC derivatives: "We agree that jurisdictions and regulators should be able to defer to each other when it is justified by the quality of their respective regulatory and enforcement regimes, based on similar outcomes, in a non-discriminatory way, paying due respect to home country regulation regimes."

² FSB (2016), *OTC Derivatives Market Reforms: Eleventh Progress Report on Implementation*, available at <http://www.fsb.org/wp-content/uploads/OTC-Derivatives-Market-Reforms-Eleventh-Progress-Report.pdf>.

³ In this report, "comprehensive" when applied to standards, criteria or requirements in force in a jurisdiction means that the standards, criteria or requirements apply to over 90% of OTC derivatives transactions as estimated by that jurisdiction, with the exception of with respect to margin requirements, where "comprehensive" standards, criteria or requirements in force in a jurisdictions would have to apply to over 90% of transactions covered consistent with the respective BCBS-IOSCO Working Group on Margin Requirements (WGMR) phase in periods.

⁴ In this report, unless otherwise stated, "jurisdictions" refers to the countries under whose law national FSB member authorities are established. In some contexts, where indicated, the term refers to the EU and not the individual FSB member jurisdictions that are member states of the EU.

⁵ Unless otherwise stated, descriptions of the current state are of the expected status as at end-June 2017 for legislative or regulatory actions, and as at end-March 2017 for market data based results. Expectations of implementation status as at future dates are indicative only, based on present information provided by FSB member jurisdictions.

⁶ Higher capital requirements for NCCDs were developed by the BCBS as interim and final standards. The interim standards were due to be implemented by 1 January 2013, while the final standards (comprising the standardised approach to counterparty credit risk (SA-CCR) and final standards for bank exposures to CCPs) were due to be implemented by 1 January 2017. Previous FSB Progress Reports discussed the implementation of the interim capital standards.

end-June 2016. Requirements to centrally clear specific derivatives products were newly adopted in one FSB jurisdiction since the eleventh progress report and are now in force in 11 jurisdictions, mostly for interest rate derivatives, an asset class for which there is widespread availability of central counterparties (CCPs). Availability of CCPs clearing OTC derivatives has increased to 32, and cross-border availability of CCPs has also increased, facilitating continued cross-border activity and the expansion of central clearing. Data continues to suggest a significant share of new transactions are being centrally cleared, particularly for interest rate and credit derivatives. Authorities are monitoring clearing implementation issues such as the availability of and concentration in client clearing services, and progress is continuing on international workstreams related to CCP resilience, recovery and resolution.

Margin requirements for NCCDs: Considerable progress has been made in the implementation of comprehensive margin requirements for NCCDs; 14 jurisdictions have such requirements in force, up from three jurisdictions at end-August 2016. However, 10 jurisdictions do not have margin requirements in force in accordance with the internationally agreed implementation schedule for these reforms, including six jurisdictions which do not expect to have them in force by end-2018. Such jurisdictions should urgently take steps to implement these reforms.

Capital requirements for NCCDs: Higher capital requirements for exposures to NCCDs based on interim BCBS standards are largely in force (23 jurisdictions have comprehensive requirements in force, up from 20 jurisdictions at end-June 2016). However, the number of jurisdictions having implemented the final BCBS standardised approach (comprising counterparty credit risk and capital requirements for bank exposures to CCPs, due to have been implemented in January 2017), is much lower.

Platform trading: One jurisdiction has implemented its legal framework and comprehensive standards/criteria for determining mandatory platform trading since the eleventh progress report; legal frameworks and comprehensive standards/criteria are now in force in 12 jurisdictions. Six jurisdictions have determinations in force for specific derivatives products to be executed on organised trading platforms, up from three in the eleventh progress report. By end-June 2018, 13 jurisdictions expect to have in force legislative frameworks and comprehensive standards/criteria for platform trading. Only seven jurisdictions report planned additional implementation steps (Appendix F). It is important that all jurisdictions have frameworks in place for regularly assessing when it is appropriate for transactions to be required to be executed on organised trading platforms.

Cross-border issues: Authorities continue to engage bilaterally and in multilateral fora seeking to resolve cross-border issues relevant to the OTC derivatives reform agenda, with some positive developments since the eleventh progress report relating to the cross-border recognition of CCPs outside their home jurisdiction and to deference relating to margining regimes. Further progress on cross-border issues, some of which could be addressed through deference when it is justified, in line with the St Petersburg G20 Leaders' Declaration, remains important to achieve the intended objectives of the reforms.

The FSB will continue to monitor and report on OTC derivatives reform implementation progress, including the effects of OTC derivatives reforms over time.⁷

Table A, which shares the same legend as Figure 1 on p. 4, provides an overview of the status of reform implementation in each member jurisdiction expected as at end-June 2017.

Table A
Reforms to jurisdictional frameworks, as at end-June 2017

		Trade Reporting	Central Clearing	Interim Capital	Margin	Platform Trading
Argentina	AR	3	3	Blue	1	3
Australia	AU	Blue	Blue	Blue	Blue ⁺	Blue
Brazil	BR	Blue	Blue	Blue	2 ⁺	1
Canada	CA	Blue	Blue ⁺	Blue	Blue	2
China	CN	Blue	Blue	Blue ⁺	Red	3
European Union ^(a)	EU	Blue	Blue	Blue	Blue ⁺	Blue
Hong Kong	HK	3	Blue ⁺	Blue	Blue ⁺	1
India	IN	Blue	3	Blue	1 ⁻	1
Indonesia	ID	Blue	3	Blue ⁺	1	3
Japan	JP	Blue	Blue	Blue	Blue ⁺	Blue
Republic of Korea	KR	Blue	Blue ⁺	Blue ⁺	3 ⁺	1 ⁺
Mexico	MX	Blue	Blue	Blue	1	Blue
Russia	RU	Blue	3 ⁺	Blue	2	2 ⁺
Saudi Arabia	SA	Blue	1	Blue	Blue ⁺	1
Singapore	SG	Blue	Blue	Blue	Blue ⁺	Blue ⁺
South Africa	ZA	3 ⁺	3 ⁺	Blue	3 ⁺	2 ⁺
Switzerland	CH	3	Blue	Blue	Blue	Blue
Turkey	TR	3 ⁺	1	Blue	1	1
United States ^(b)	US	Blue	Blue	3	Blue	Blue
TOTALS^(a)						
Red					1	
1			2		5	6
2					2	3
3		5	5	1	2	3
Blue		19	17	23	14	12
+		2	5	3	9	4
-					1	

“+” indicates positive change in reported implementation status from end-June 2016. “-” indicates negative change in reported implementation status from end-June 2016. (a) The EU includes six FSB member jurisdictions (France, Germany, Italy, Netherlands, Spain and United Kingdom), which are counted individually in the totals. (b) Information regarding the US in the colour-coded tables in this report (including appendices) reflects the overall progress of US regulatory reforms undertaken by multiple regulatory authorities. Note that the CFTC has rules in force with respect to trade reporting, central clearing and platform trading; the estimate of over 90% regulatory coverage is based on the completion of rules by the CFTC, which regulates over 90% of the notional volumes transacted in the US swaps market.

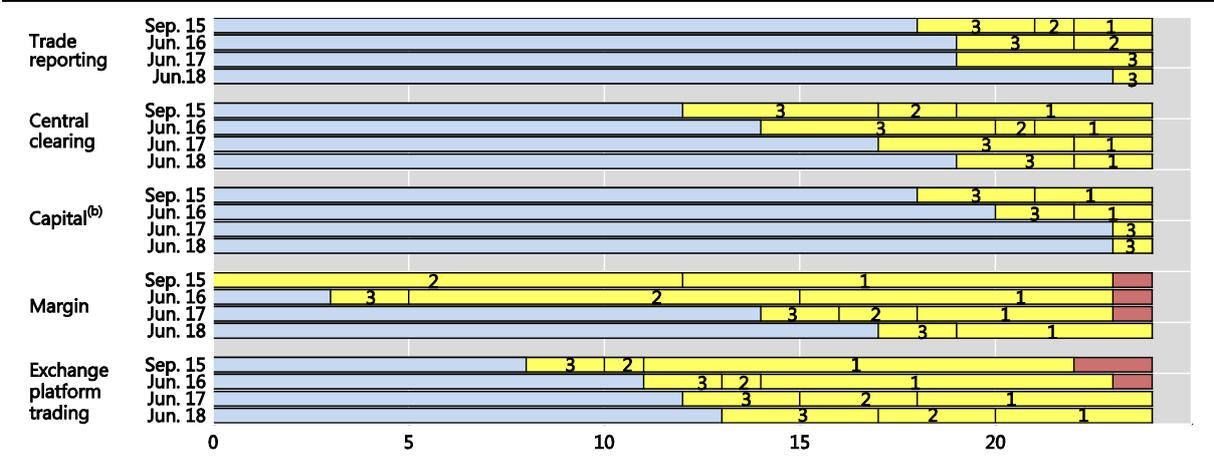
For table legend, see page 4. Source: FSB member jurisdictions.

⁷ See FSB (2017), *Review of OTC derivatives market reforms: Effectiveness and broader effects of the reforms*, available at <http://www.fsb.org/wp-content/uploads/P290617-1.pdf>.

Figure 1 indicates progress since September 2015 and where further progress is currently anticipated by end-June 2018.

Figure 1

Recent regulatory reform progress across FSB member jurisdictions (a)



(a) Reforms to jurisdictional frameworks; jurisdictions’ reported or anticipated status at each date shown based on current information.
 (b) Adoption of interim Basel III standards for NCCDs.

Legend

Red	No existing authority to implement reform and no steps taken to adopt such authority.
1	All reform areas: Legislative framework or other authority is in force ⁸ or has been published for consultation or proposed.
2	<i>Trade reporting:</i> Legislative framework or other authority is in force and, with respect to at least some transactions, standards/requirements have been published for public consultation or proposal. <i>Central clearing and platform trading:</i> Legislative framework or other authority to implement reform is in force and, with respect to at least some transactions, standards/criteria for determining when transactions should be centrally cleared/platform traded have been published for public consultation or proposal . <i>Capital and margins for NCCDs:</i> Legislative framework or other authority is in force and, with respect to at least some transactions, standards/requirements have been published for public consultation or proposal .
3	<i>Trade reporting:</i> Legislative framework or other authority is in force and, with respect to at least some transactions, public standards/requirements have been adopted . <i>Central clearing and platform trading:</i> Legislative framework or other authority is in force and, with respect to at least some transactions, public standards/criteria for determining when products should be centrally cleared/platform traded have been adopted . <i>Capital and margins for NCCDs:</i> Legislative framework or other authority is in force and, with respect to at least some transactions, public standards/requirements have been adopted .
Blue	<i>Trade reporting:</i> Legislative framework or other authority is in force and, with respect to over 90% of transactions, standards/requirements are in force . <i>Central clearing and platform trading:</i> Legislative framework or other authority is in force and, with respect to over 90% of transactions, standards/criteria for determining when products should be centrally cleared/platform traded are in force . An appropriate authority regularly assesses transactions against these criteria. <i>Capital for NCCDs:</i> Legislative framework or other authority is in force and, with respect to over 90% of transactions, standards/requirements are in force . <i>Margins for NCCDs:</i> Legislative framework or other authority is in force and, with respect to over 90% of the transactions covered consistent with the respective WGMR phase in periods, standards/requirements are in force .

⁸ Throughout this report, the term “in force” means a final statute/regulation/rule/policy statement/standard/etc. is operative and has effect as at the indicated date; in contrast, where a final statute/regulation/etc. has been enacted or published but it is not yet operative and does not have effect, for the purposes of this report this is treated as not yet in force.

2. Trade Reporting

2.1 Overview

The implementation of trade reporting requirements for OTC derivatives is well advanced across FSB member jurisdictions. As was the case in the eleventh progress report, 19 jurisdictions have comprehensive trade reporting requirements in force; by Q3 2017 this number is expected to increase to 22.⁹ Coverage of trade reporting requirements continues to be most comprehensive for interest rate derivatives and foreign exchange (FX) derivatives, in part relating to the relative size of those markets and the widespread availability across jurisdictions of TRs in those asset classes. Although implementation has progressed in recent years, challenges to the effectiveness of trade reporting remain, including a lack of harmonisation of data formats and other data quality issues, and the impact of various legal barriers to reporting and to authorities' access to data. A number of international workstreams are underway that aim, in large part, to address these issues.

2.2 Reforms to regulatory frameworks

Since the eleventh progress report, two jurisdictions (South Africa and Hong Kong) moved from having consulted on trade reporting rules to having finalised them.¹⁰ In addition, in Switzerland, two trade repositories were authorised to operate in April 2017, which triggered trade reporting requirements to be in force for transactions entered into after Q3 2017. In May 2017, the European Commission (EC) adopted a proposal to simplify and streamline trade reporting requirements under EMIR, aimed at reducing unnecessary compliance costs. Table B and Appendix B provide additional detail on progress in implementing trade reporting frameworks that jurisdictions have made and anticipate making through to end-2018.

Table B
Status of trade reporting regulatory implementation

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR	3	3	3	3	3	3	3	Blue
AU	Blue							
BR	Blue							
CA	Blue							
CN	Blue							
EU	Blue							
HK	3	3	3	3	Blue	Blue	Blue	Blue
IN	Blue							
ID	Blue							
JP	Blue							
KR	Blue							

⁹ This assessment is based on authorities approximating whether they were above or below this 90% threshold with respect to regulatory coverage. The purpose of including this approximation is to better gauge the extent to which a substantial share of transactions are covered by regulation across jurisdictions. This 90% threshold has been incorporated in the tables that follow.

¹⁰ In both these jurisdictions, the legislative framework or other authority is in force and, with respect to at least some transactions, public standards/requirements have been adopted. From Q3 2017, with respect to over 90% of transactions, standards/requirements are expected to be in force in both these jurisdictions.

Table B
Status of trade reporting regulatory implementation

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
MX	Blue							
RU	Blue							
SA	Blue							
SG	Blue							
ZA	2	2	2	3	Blue	Blue	Blue	Blue
CH	3	3	3	3	3	Blue	Blue	Blue
TR	2	2	2	3	3	Blue	Blue	Blue
US	Blue							

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

2.3 Coverage of trade reporting requirements and availability of TRs

In general, in those jurisdictions where reporting requirements are in force and TRs are available^{11,12} in a given asset class, requirements are estimated to cover 80–100% of new OTC derivatives transactions in that asset class.¹³ Coverage is most comprehensive for interest rate derivatives, where (as at March 2017) all but four jurisdictions had requirements in force estimated to cover 80–100% of such transactions. The estimated coverage of FX derivatives reporting requirements is similarly comprehensive to that of interest rates derivatives in terms of jurisdictions and share of transactions, covered by reporting requirements. The coverage of reporting requirements in commodity, credit and equity derivatives continues to be less widespread in almost all jurisdictions. In addition, for several jurisdictions with reporting requirements in force for commodity derivatives, it has not been possible to estimate coverage, typically because of data aggregation and/or data access challenges, though Canada and South Africa are able to estimate regulatory coverage for the commodity and equity asset classes for the first time, respectively.

In Hong Kong, Mexico and Singapore the scope of reporting obligations in terms of asset classes or product types covered is due to be extended during 2017. In Hong Kong, phase 2 trade reporting (covering the remaining derivative products in the interest rate and FX asset classes and all other asset classes not covered in phase 1) will commence 1 July 2017; in Mexico, credit derivatives will be required to be reported beginning in Q4 2017; and in Singapore, commodity and equity derivatives are expected to be reportable from Q4 2017.

¹¹ Availability of TRs in a jurisdiction in this report means that at a minimum a TR is authorised (in the sense of being licensed, registered, recognised, or operating pursuant to an exemption) and available to accept trade reports with regard to a certain asset class in a particular jurisdiction.

¹² Authorities use different terms to describe the regulatory status of entities operating in their jurisdictions. For the purposes of this report, ‘authorised to operate’ refers to entities that are under the supervisory or regulatory regime in a jurisdiction through an affirmative regulatory decision regarding an entity or an entity’s home jurisdiction, including registering, licensing, or recognising an entity under the jurisdiction’s framework or based on any relevant exemptions from the framework (including those based on substituted compliance, recognition, equivalence or reliance). Unless otherwise specified in the report, ‘authorised’ or ‘authorised to operate’ as used in this report is meant to include any and all of these possibilities.

¹³ For this report, jurisdictions were asked to estimate the regulatory coverage of reporting requirements for different asset classes. Although the estimation methodologies employed varied across jurisdictions, and there were some challenges in collecting and interpreting relevant data, the information provided allows for some broad indications of the regulatory coverage of reporting requirements to be drawn.

Table C

Estimated regulatory coverage of reporting requirements

Percent of all new transactions that are required to be reported, as at March 2017

	Commodity					Credit					Equity					FX					Interest Rate				
	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100
AR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AU	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
BR	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
CA	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
CN	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
EU	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
HK ^(a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	●
IN	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●
ID ^(b)	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●
JP	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
KR	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
MX ^(c)	-	-	-	-	●	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
RU	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●
SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●
SG ^(d)	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●
ZA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-
CH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US ^(e)	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●

Estimates based on each jurisdiction's assessment of the regulatory coverage of its reporting requirements, using information available as at March 2017. Includes reporting to TRs and TR-like entities. ■ not applicable/no OTC derivatives transactions in this asset class. ■ no reporting requirements in force for OTC derivatives transactions in this asset class. ■ reporting requirements are in force but data not able to be provided (for instance, due to data quality, access and/or aggregation challenges). (a) In Hong Kong, the reporting requirement is in force for certain interest rate swaps and non-deliverable forwards (NDFs) only, under phase 1 reporting. The estimate for FX derivatives covers only NDFs. The next phase of reporting will commence in July 2017, covering the remaining interest rate and FX derivatives, along with derivatives in commodity, credit and equity asset classes. (b) In Indonesia, OTC commodity derivatives are required to be reported to an exchange and registered with a clearing house. (c) In Mexico credit derivatives are expected to be reportable from Q4 2017. (d) In Singapore commodity and equity derivatives are expected to be reportable from Q4 2017. (e) US data is not available to assess the CFTC's and SEC's respective market share in the OTC derivatives equity market. Accordingly, the US categorisation for the equity asset class reflects only CFTC data.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

As at end-June 2017, TRs or TR-like entities¹⁴ are authorised and operating, for at least some asset classes, in all FSB member jurisdictions except South Africa and Turkey (see Table D on p. 8). (See Appendix G for a detailed listing of TRs and TR-like entities operating in FSB member jurisdictions). A total of 22 TRs are currently authorised and operating in FSB member jurisdictions, up from 20 in the eleventh progress report; since June 2016, Bloomberg Trade Repository Limited (a newly established TR) was authorised in the EU, and SIX Trade

¹⁴ In some jurisdictions, reporting of OTC derivatives transactions is facilitated by means of an entity, facility, service, utility, government authority, etc. that is not established as an authorised TR but that is used by market participants to report OTC derivatives trade data, or provides TR-like services.

Repository AG (a newly established TR) and Regis-TR S.A. were authorised in Switzerland. The number of TR-like entities in FSB member jurisdictions is 12.¹⁵ ()

Table D

Aggregate availability of trade repositories by asset class in FSB member jurisdictions

TRs and TR-like entities authorised and operating as at end-June 2017

	Commodity	Credit	Equity	FX	Interest Rate	
AR	3	3	4	3	1	
AU ^(a)	6	7	7	7	7	
BR	2	2	2	2	2	
CA	3	3	2	3	3	
CN	1		1	1	1	
EU	7	7	7	7	7	
HK	1	1	1	1	1	
IN		1		1	1	
ID				1	1	
JP		1	1	1	1	
KR	2	2	2	2	1	2
MX	1		1	1	1	
RU	2	2	2	2	2	
SA				1	1	
SG	1	1	1	1	1	
ZA						
CH	2	2	2	2	2	
TR						
US	4	4	2	3	3	

☒ indicates the number of TRs able to collect transaction reports in given asset class that are authorised or pending authorisation (or have a temporary exemption from authorisation requirements) and operating in given jurisdiction. ☒ indicates the number of TR-like entities able to collect transaction reports in given asset class that are authorised or pending authorisation (or have a temporary exemption from authorisation requirements) and operating in given jurisdiction. (a) For Australia, figures include TRs that have been 'prescribed' as available for use by foreign entities for the purposes of meeting Australian reporting requirements.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

In most cases, each TR and TR-like entity has been authorised for use only within the jurisdiction in which it is located. Only in the cases of Australia, Canada, and Switzerland is a non-domestically located TR available for use pursuant to domestic reporting requirements.¹⁶

The availability of TRs across jurisdictions and asset classes largely mirrors the reporting requirements (Table D; see also Appendix G).

2.4 Cross-border regulatory arrangements for trade reporting

Switzerland is the only jurisdiction since June 2016 to have made changes to cross-border regulatory arrangements for trade reporting. In July 2016, FINMA determined the derivatives

¹⁵ In some FSB member jurisdictions, government authorities or other TR-like entities are currently collecting OTC derivatives transaction reports to fulfil TR reporting requirements

¹⁶ This statement counts the EU as a single jurisdiction. In the EU, authorisation of TRs takes place at EU level, and any authorised TR is therefore automatically authorised to operate in all EU member jurisdictions.

framework set out in EMIR as provisionally equivalent with corresponding Swiss requirements, with the aim of giving financial market participants sufficient lead time for technical implementation.¹⁷ In addition, FINMA provided further information about the authorisation of two TRs in April 2017.¹⁸

Appendix L contains further details on jurisdictions' broad legal capacity to apply deference within the OTC derivative regulatory framework, and on some jurisdictions' regulatory changes underway to their domestic regimes which, once in force, will provide some capacity to defer to other jurisdictions.

2.5 International workstreams related to trade reporting implementation issues

Implementation issues affecting the effectiveness of trade reporting requirements that have been discussed in previous progress reports remain of concern to jurisdictions. These include difficulties with TR data quality, challenges in aggregating data across TRs,¹⁹ and legal barriers to reporting complete data to TRs and to authorities' access to TR-held data. A number of international workstreams, and follow-up work to earlier workstreams, are underway that aim to address these issues:

2.5.1 Work on data harmonisation

Work continues by the joint CPMI and IOSCO working group on the harmonisation of key OTC derivatives data elements that are reported to TRs and are important for the aggregation of data by authorities, including a Unique Transaction Identifier (UTI) and a Unique Product Identifier (UPI). The scope of this work is to develop guidance regarding the definition, format, and usage of these key OTC derivatives data elements. CPMI and IOSCO issued technical guidance on the UTI in February 2017, and plan to issue technical guidance on the UPI by end-2017.²⁰ A consultative report on a third batch of critical data elements other than the UTI and UPI will be published in mid-2017 with final guidance on these other data elements expected in early 2018.²¹

In early 2016, the FSB established a working group to develop governance arrangements for the UTI and UPI. The FSB has consulted²² publicly on proposed governance arrangements for the UTI, including through a stakeholder roundtable in April 2017, and expects to consult publicly on proposed governance arrangements for the UPI after the UPI technical guidance is

¹⁷ Further information on a decision regarding definitive recognition of the equivalence of the relevant EU regulations is expected in due course.

¹⁸ See FINMA (2016, 2017) *Financial Market Infrastructure Act: Guidance*. All relevant supervisory documents available at <https://www.finma.ch/en/documentation/finma-guidance/#Order=4>

¹⁹ This includes difficulties in matching trades or performing portfolio reconciliation in cases where two counterparties of an OTC derivative contract use different TRs (even if these TRs are located in the same jurisdiction).

²⁰ CPMI-IOSCO (2017), *Harmonisation of the Unique Transaction Identifier: Technical Guidance*, available at <http://www.bis.org/cpmi/publ/d158.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD557.pdf>

²¹ Besides guidance on the UTI and UPI, the CPMI and IOSCO aim to produce clear guidance to authorities on definitions, format and usage of critical data elements other than the UTI and UPI that are important for consistent and meaningful aggregation on a global basis. After having received feedback from the industry on the first and second batch of critical data elements other than the UTI and UPI, the CPMI and IOSCO are now publishing a third batch of these critical data elements.

²² FSB (2017), *Proposed governance arrangements for the unique transaction identifier (UTI): Consultation Document*, available at <http://www.fsb.org/wp-content/uploads/Proposed-governance-arrangements-for-the-unique-transaction-identifier-UTI.pdf>.

published by CPMI and IOSCO. Governance arrangements for data elements other than UTI and UPI will also be considered by CPMI and IOSCO.

2.5.2 Legal entity identifier

The legal entity identifier (LEI), which provides verified data on legal entities, is now embedded in the rules of some 40 jurisdictions, of which 14 are FSB jurisdictions.²³ LEI coverage has grown in recent years, and as of end-May 2017, over 513,177 entities from 200 countries had obtained LEIs; the figure for the 24 FSB member jurisdictions is 376,064.²⁴ Beginning in May 2017, the Global LEI System²⁵ started to collect and publish information on the direct and ultimate parents of legal entities.

Authorities continue to monitor progress in the uptake and renewal of LEIs and may consider taking action as needed. Participants in the Global LEI System are also working on establishing a system of registration agents,²⁶ facilitating renewals,²⁷ monitoring lapsed LEIs and better distinguishing entities that have ceased to operate.²⁸

The EU reports that EU counterparties face challenges using the LEI to identify counterparties outside of the EU, because there are still counterparties in other jurisdictions which do not have a LEI. To some extent, this may be a transitional issue as the LEI is rolled out across jurisdictions.

2.5.3 Follow up to legal barriers identified in the FSB's thematic peer review on trade reporting

The FSB's November 2015 report of a thematic peer review of FSB member jurisdictions' implementation of OTC derivatives trade reporting²⁹ made several recommendations to jurisdictions in order to address barriers to reporting OTC derivatives transactions to TRs and to authorities' access to TR-held data, and stated that jurisdictions should report by June 2016 the actions that they planned to take to address these legal barriers by due dates in-2018 at the latest. The FSB published each jurisdiction's report, along with a summary of these reports, in August 2016, and a further progress report together with updated plans, where applicable, in

²³ FSB (2012), *A Global Legal Entity Identifier for Financial Markets*, June; available at: <http://www.fsb.org/2012/06/fsb-report-global-legal-entity-identifier-for-financial-markets/>; LEI Regulatory Oversight Committee (2015); *Progress Report by the Legal Entity Identifier Regulatory Oversight Committee*, available at http://www.leiroc.org/publications/gls/lou_20151105-1.pdf#27. A list of regulatory uses of the LEI reported to the LEI Regulatory Oversight Committee (LEI ROC) by LEI ROC members and observers can be found on the LEI ROC website (<http://www.leiroc.org/lei/uses.htm>), which shows that jurisdictions having introduced the LEI for derivative reporting in their regulatory frameworks include Australia, Canada, members of the European Union (and European Economic Area), Hong Kong, Japan, Russia, Singapore, Switzerland and the United States.

²⁴ Source: Global Legal Entity Identifier Foundation (GLEIF) statistics page at <https://www.gleif.org/en/lei-data/global-lei-index/lei-statistics#>

²⁵ The Global LEI System (GLEIS) is composed of the LEI ROC together with an operational component, consisting of the GLEIF operating the Central Operating Unit, and the federated Local Operating Units (LOUs) providing registration and other services. The mission of the LEI ROC is to uphold the governance principles of and to oversee the GLEIS.

²⁶ See <https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations/registration-agents#>.

²⁷ For instance, LOUs are implementing measures such as sending reminders ahead of the renewal date.

²⁸ For better distinguishing entities that have ceased to operate, the LEI ROC will conduct in the summer of 2017 a public consultation on corporate actions and data history including additional ways to detect entities that have not reported corporate actions affecting their existence such as mergers.

²⁹ FSB (2015), *Thematic Peer Review on OTC Derivatives Trade Reporting – Peer Review Report*, November, available at, <http://www.fsb.org/wp-content/uploads/Peer-review-on-trade-reporting.pdf>.

June 2017.³⁰ The further progress report found that, while progress in addressing legal barriers has been made in a number of jurisdictions, there are still a number of issues and gaps to be addressed ahead of the due dates for action in 2018.

2.5.4 Additional international workstreams related to trade reporting

CPMI and IOSCO have an ongoing programme to monitor the implementation of the *Principles for Financial Market Infrastructures* (PFMI), in relation to TRs and CCPs, as well as other types of financial market infrastructure.³¹ This includes a series of ‘Level 2’ peer reviews to assess whether the content of the legal and regulatory framework (including any relevant policy statements or other forms of implementation) in individual jurisdictions is consistent with the PFMI. A review of Hong Kong (for all types of financial market infrastructures, including TRs) was published in May 2017 and a review of Singapore is expected to be published in the near future; reviews of Canada and Switzerland are expected in 2018.³²

The OTC Derivatives Regulators’ Forum’s (ODRF)³³ and its technical working group further complements the above workstreams by focusing on TR data quality and data usage. The technical working group meets regularly including via calls and provides a forum for regulators to discuss their use of data, share experiences and support further standardisation of data fields.

³⁰ FSB (2016), *Report on FSB Members’ Plans to Address Legal Barriers to Reporting and Accessing OTC Derivatives Transaction Data*, August; available, with accompanying documents, at www.fsb.org/2016/08/report-on-fsb-members-plans-to-address-legal-barriers-to-reporting-and-accessing-otc-derivatives-transaction-data/; FSB (2017), *FSB members’ plans to address legal barriers to reporting and accessing OTC derivatives trade data: Progress report*, available at <http://www.fsb.org/wp-content/uploads/P290617-3.pdf>.

³¹ CPMI–IOSCO (2012), *Principles for Financial Market Infrastructures*, April; available at: <http://www.bis.org/cpmi/publ/d101a.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377-PFMI.pdf>. Additional information on the PFMI implementation monitoring programme, including links to all reports published to date, is available at http://www.bis.org/cpmi/info_mios.htm.

³² Hong Kong assessment report: <http://www.bis.org/cpmi/publ/d159.htm>

³³ For more information on the ODRF, see: <http://www.otcdrf.org/>.

3. Central clearing and risk management of non-centrally cleared derivatives

3.1 Overview

Jurisdictions continue to make progress in implementing changes to regulatory frameworks to promote central clearing of standardised OTC derivatives transactions, and to improve the risk management of NCCDs. It is expected that even after all reform areas are implemented, some portion of the OTC derivatives market (specifically, non-standardised derivatives) will remain non-centrally cleared.³⁴

In 17 jurisdictions, a legislative framework or other authority, and comprehensive standards/criteria for determining when products should be centrally cleared, are in force. This number is up from 14 at end-June 2016 and is expected to further increase to 19 by end-June 2018.

The availability and use of CCPs continues to expand, with a total of 32 CCPs clearing OTC derivatives operating and authorised in member jurisdictions, and 11 jurisdictions currently have in force requirements to centrally clear specific OTC derivatives products.

In relation to NCCDs, interim higher capital requirements for such transactions are in force in 22 of the 24 FSB member jurisdictions, up from 20 at end-June 2016.

Considerable progress has been made in the implementation of comprehensive margin requirements for NCCDs, as 14 jurisdictions have such requirements in force, up from three jurisdictions at end-June 2016. Under the internationally agreed implementation schedule for these reforms, variation margin requirements were due to be fully implemented by 1 March 2017, but seven jurisdictions do not expect to have them in force by end-2018. Such jurisdictions should urgently take steps to implement these reforms.

A number of jurisdictions have taken or are taking steps to require or encourage the use of other risk mitigation techniques for NCCDs, such as trade compression and portfolio reconciliation.

3.2 Reforms to regulatory frameworks

3.2.1 Central clearing of standardised transactions: central clearing frameworks

As at end-June 2017, 17 FSB member jurisdictions have in force both a legislative framework or other authority, and comprehensive standards or criteria for making specific central clearing determinations (Table E). Since the eleventh progress report, Canada, Hong Kong and Korea joined this group of jurisdictions.

In Russia and Singapore, mandatory central clearing of specific product types is expected to commence in H1 2018. In Turkey, by end-2018 central clearing requirements with respect to at least some transactions are expected to be published for public consultation or proposal.

In May 2017, the EC adopted a proposal to amend targeted areas of EMIR, subject to European Parliament and Council approval, including the scope of entities falling under the clearing

³⁴ The G20 commitment at the Pittsburgh Leaders' Summit was that all "standardised" OTC derivatives would be centrally cleared; see also Recommendation 5 in FSB (2010), *Implementing OTC Derivatives Market Reforms*, October; available at: http://www.fsb.org/wp-content/uploads/r_101025.pdf.

obligation, following a report on the review of EMIR published in November 2016. These amendments are intended to simplify specific requirements and reduce disproportionate costs and burden for certain participants (e.g. small financials, non-financial counterparties (NFCs) and pension funds) rather than amend EMIR’s core objectives.³⁵

Appendix C provides more detail on specific regulatory steps taken and planned by jurisdictions in implementing a central clearing framework for OTC derivatives.

Table E
Status of central clearing regulatory implementation

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR	3	3	3	3	3	3	3	3
AU	Blue							
BR	Blue							
CA	3	3	3	Blue	Blue	Blue	Blue	Blue
CN	Blue							
EU	Blue							
HK	Blue							
IN	3	3	3	3	3	3	3	3
ID	3	3	3	3	3	3	3	3
JP	Blue							
KR	Blue							
MX	Blue							
RU	2	2	3	3	3	3	Blue	Blue
SA	1	1	1	1	1	1	1	1
SG	Blue							
ZA	2	2	2	3	Blue	Blue	Blue	Blue
CH	Blue							
TR	1	1	1	1	1	1	1	2
US	Blue							

3.2.2 Central clearing of standardised transactions: central clearing determinations

There has been an increase in the number of determinations made by authorities mandating that specific OTC derivatives contracts are required to be mandatorily centrally cleared.

Since June 2016, determinations have come into force in Canada, EU, and the US (see Table F), and determinations that have been made are anticipated to be in force in Hong Kong by July 2017 and India by H1 2018. There is considerable variation in the scope of entities subject to requirements to centrally clear – see Appendix J for more detail.

³⁵ In addition, CCPs would be required to make available a description of their initial margin models to their clearing members. See https://ec.europa.eu/info/sites/info/files/170504-emir-proposal_en.pdf.

Table F
Central clearing determinations

Determinations in force as at end-June 2017 ^(a)	
AU	Interest rate: certain fixed-floating and basis swaps, forward rate agreements (FRAs) and OIS denominated in AUD, EUR, GBP, JPY and USD ^(b)
CA	Interest rate: certain fixed-to-floating swaps denominated in CAD, USD, EUR and GBP; certain basis swaps denominated in USD, EUR and GBP; certain OIS overnight indexed swaps denominated in CAD, USD, EUR and GBP; certain FRAs denominated in USD, EUR, and GBP (new)
CN	Interest rate: fixed-floating swaps denominated in CNY
EU	Interest rate: certain fixed-floating, and basis swaps, FRAs and OIS denominated in EUR, GBP, JPY and USD Credit: selected European (iTraxx) indices (new) Interest rate: certain fixed-floating swaps and FRAs denominated in NOK, PLN and SEK (new)
HK	Interest rate: certain fixed-floating and basis swaps denominated in EUR, GBP, HKD, JPY and USD and OIS denominated in EUR, GBP and USD (new*)
IN	FX: INR-USD forwards Interest rate: Overnight indexed swaps (OIS) & Mumbai Interbank Forward Offer Rate (MIFOR) (new) (soon)
ID	Commodity: OTC commodity derivative transactions are required to be registered at the clearing house.
JP	Credit: selected Japan (iTraxx) indices Interest rate: fixed-floating and basis swaps denominated in JPY
KR	Interest rate: fixed-floating swaps denominated in KRW
MX	Interest rate: certain fixed-floating swaps denominated in MXN
US	Credit: selected North America (CDX) and Europe (iTraxx) indices Interest rate: certain fixed-floating, basis swaps, FRAs and OIS denominated in EUR, GBP, JPY (ex-OIS) and USD. Swaps in such currencies other than fixed-floating and basis swaps, FRAs, and OIS denominated in EUR, GBP and USD with terms between 2 and 3 years have been added since June 2016. (new) Also added since June 2016, certain fixed-floating swaps denominated in AUD, CAD, HKD, MXN, NOK, PLN, SGD, SEK, and CHF; certain basis swaps denominated in AUD; FRAs in NOK, PLN, and SEK; and certain OIS denominated in AUD and CAD. (new)

(a) For more details on mandatory clearing requirements currently in force, see IOSCO information repository available at: http://www.iosco.org/publications/?subsection=information_repositories. **(new)** indicates that the determination was made and came into force after end-June 2016. (b) Currency codes are given according to the ISO 4217 standard. **(new*)** indicates that the determination was made after end-June 2016 and will come into force on 1 July 2017 **(soon)** designates determinations that have been made and are anticipated to be in force by H1 2018.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

3.2.3 Higher capital requirements for non-centrally cleared derivatives

Higher capital requirements for NCCDs were developed by the BCBS as interim and final standards. The interim standards were due to be implemented by 1 January 2013,³⁶ while the final standards (comprising the standardised approach to counterparty credit risk (SA-CCR) and final standards for bank exposures to CCPs) were due to be implemented by 1 January 2017.³⁷ Twenty-three jurisdictions currently have in force comprehensive higher capital

³⁶ The interim standard for bank exposures to CCPs was published in July 2012 (available at <http://www.bis.org/publ/bcbs227.pdf>).

³⁷ In March 2014, the BCBS published the final standard on SA-CCR, with an associated implementation date of 1 January 2017 (<http://www.bis.org/publ/bcbs279.pdf>). SA-CCR replaces both the Current Exposure Method (CEM) and the Standardised Method (SM) in the risk-based capital framework, while the IMM (Internal Model Method) shortcut method

requirements consistent with the interim standards, up from 20 at end-June 2016 (Table A), the exception being the United States.

By contrast, most jurisdictions are late with respect to the final standards.³⁸ Since September 2016, Australia commenced public consultation on implementation of the SA-CCR and final CCPs standard, with finalisation of new requirements for SA-CCR and final standard for bank exposures to CCPs expected by end-2017. The EC adopted in November 2016 a proposal to implement the new SA-CCR and new rules on capital requirements for exposures to CCPs. Hong Kong expects consultations on the application of the requirements to banks to continue through 2017–18. (See further Appendix D). Switzerland has initiated public consultations on the implementation of SA-CCR and bank exposure to CCP regulations in June 2016, with final rules having come into effect as of 1 January 2017.

3.2.4 Margin requirements for non-centrally cleared derivatives

The BCBS–IOSCO standards for margin requirements for NCCDs set out internationally agreed phase-in schedules for variation and initial margin requirements that began on 1 September 2016. With respect to variation margin, implementation of the second and final phase began on 1 March 2017, with several jurisdictions granting forms of time-limited transitional relief or supervisory guidance until 1 September 2017. With respect to initial margin, the 5-year phase-in period that began on 1 September 2016 will finish on 1 September 2020.³⁹

By September 2016 only Canada, Japan, and the US had margin requirements in force in accordance with the internationally agreed implementation schedule for these reforms. Additional jurisdictions have implemented these requirements since then, with 14 jurisdictions that have comprehensive requirements in place as of end-June 2017. Brazil, South Africa, and Korea expect to have such requirements in place by end-2017, and Mexico by end-2018. Table G and Appendix E provides additional detail regarding jurisdictions’ recent activity and plans for further implementation of margin requirements.

There are still six jurisdictions (Argentina, China, India, Indonesia, Russia, and Turkey) which do not report planning to have comprehensive margin requirements in place by end-2018. These jurisdictions should urgently take steps to meet the internationally agreed schedule.

Jurisdictions’ margin requirements differ in scope and detail. Such differences in the regulatory requirements could prove challenging for market participants, particularly where firms or transactions are subject to multiple jurisdictions’ regulatory requirements.

As implementation of margin requirements has proceeded, a range of other implementation issues have been identified, in part stemming from a lack of industry readiness. Also, differences in implementation timing across jurisdictions could pose certain operational and

has also been eliminated from the framework. The final standard for bank exposures to CCPs was published in April 2014, with an implementation date of 1 January 2017 (<http://www.bis.org/publ/bcbs282.pdf>).

³⁸ BCBS (2017), *Twelfth progress report on adoption of the Basel regulatory framework*, at <http://www.bis.org/bcbs/publ/d404.pdf>. According to this report many jurisdictions had not published final rules by end-March 2017.

³⁹ For more detail on the application and phase-in of requirements, see BCBS–IOSCO (2015), *Margin requirements for non-centrally cleared derivatives*, March (revised); available at: <http://www.bis.org/bcbs/publ/d317.pdf> and <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD480.pdf>.

competitive challenges for market participants active in multiple jurisdictions.⁴⁰ As transitional arrangements expire in August 2017 for variation margin requirements, and phase 2 of initial margin requirements begins in September 2017, it will be important for respective authorities to continue closely monitoring developments. See further Section 3.6.3.

Table G

Status of regulatory implementation of margin requirements for NCCDs

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR	1	1	1	1	1	1	1	1
AU	1	2	Blue	Blue	Blue	Blue	Blue	Blue
BR	1	1	1	2	Blue	Blue	Blue	Blue
CA	Blue							
CN	Red	Red	Red	Red	Red	Red	1	1
EU	2	3	Blue	Blue	Blue	Blue	Blue	Blue
HK	2	2	Blue	Blue	Blue	Blue	Blue	Blue
IN ^(a)	1	1	1	1	1	1	1	1
ID	1	1	1	1	1	1	1	1
JP	Blue							
KR	1	2	3	3	Blue	Blue	Blue	Blue
MX	1	1	1	1	2	2	3	Blue
RU	2	2	2	2	2	2	2	3
SA	1	Blue						
SG	2	3	Blue	Blue	Blue	Blue	Blue	Blue
ZA	2	2	2	3	Blue	Blue	Blue	Blue
CH	3	3	Blue	Blue	Blue	Blue	Blue	Blue
TR	1	1	1	1	1	1	1	2
US	Blue							

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions. (a) India originally planned to implement margin requirements in a phased manner over a period of four years, starting from September 2016. However, India has decided to postpone the introduction of margin requirements for NCCDs due in part to industry preparedness, specifically the lack of infrastructure to support efficient exchange of margins.

3.2.5 Other risk mitigation measures for NCCDs

A number of jurisdictions have also taken steps to encourage more widespread use of other risk mitigation measures for NCCDs, such as trade compression and portfolio reconciliation.

To facilitate effective risk management of NCCDs, in 2015 IOSCO made several recommendations, including standards in the following areas: trading relationship documentation; trade confirmation; valuation processes; portfolio reconciliation; portfolio compression; and dispute resolution.⁴¹

Table H gives an overview of several risk mitigation measures for NCCDs which are being encouraged for wider use in some FSB member jurisdictions. The details of these risk mitigation measures vary among jurisdictions and may be subject to phase-in periods or other requirements/conditions (e.g. thresholds).

⁴⁰ See for example the issues referenced in IOSCO (2017), *Statement on Variation Margin Implementation*, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD556.pdf> (23 February).

⁴¹ See IOSCO (2015), *Risk Mitigation Standards for Non-centrally Cleared OTC Derivatives*, January; available at: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD469.pdf>. This report was prepared in consultation with BCBS and CPMI, and finalised in January 2015.

Table H
Risk mitigation measures for NCCDs

	Trade confirmation	Portfolio reconciliation	Portfolio compression	Portfolio valuation	Dispute resolution
AR					
AU ^(a)					
BR					
CA					
CN					
EU					
HK					
IN					
ID					
JP					
KR					
MX					
RU					
SA					
SG					
ZA					
CH					
TR					
US					

Green cells indicate that the jurisdiction concerned has indicated that the respective risk management techniques for NCCDs are required to be utilised or considered by firms in its jurisdiction; scope, applicable phase-in, or other requirements regarding such risk mitigation measures may vary among jurisdictions. (a) The risk mitigation requirements formally commence 1 March 2018, but largely reflect existing industry practices.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

3.3 Availability of CCPs and related developments

3.3.1 Availability of CCPs

As at end-June 2017, 20 jurisdictions have at least one CCP that was available⁴² to clear at least some OTC interest rate derivatives; overall availability of CCPs for other asset classes was more limited (Table I). Table Q in Appendix H gives a detailed listing of CCPs currently authorised and operating in FSB member jurisdictions. In Brazil, Canada, the EU, and the US, there were CCPs currently authorised for at least some sub-products in every OTC derivatives class. In contrast, in Argentina, Saudi Arabia, South Africa and Turkey, there were no CCPs authorised to clear any OTC derivatives products.

⁴² Availability of CCPs in a jurisdiction in this report means that at a minimum a CCP is authorised (in the sense of being licensed, registered, recognised, or operating pursuant to an exemption) and operating to clear derivatives of a certain asset class in a particular jurisdiction. It does not imply that the CCP is necessarily equally available to all potential counterparties who wish to clear, either as its clearing members or indirectly.

Table I
Availability of OTC derivatives CCPs in FSB member jurisdictions
 CCPs authorised and operating as at end-June 2017

	Commodity	Credit	Equity	FX	Interest Rate
AR					
AU			1		8
BR	1	1	1	1	1
CA	4	2	3	2	4
CN	1			1	1
EU	9	5	8	6	13
HK				2	4
IN		1		1	1
ID	2				
JP		1			4
KR					1
MX					2
RU					1
SA					
SG	3	1		2	3
ZA					
CH	1		1	1	2
TR					
US	8	5	2	5	12

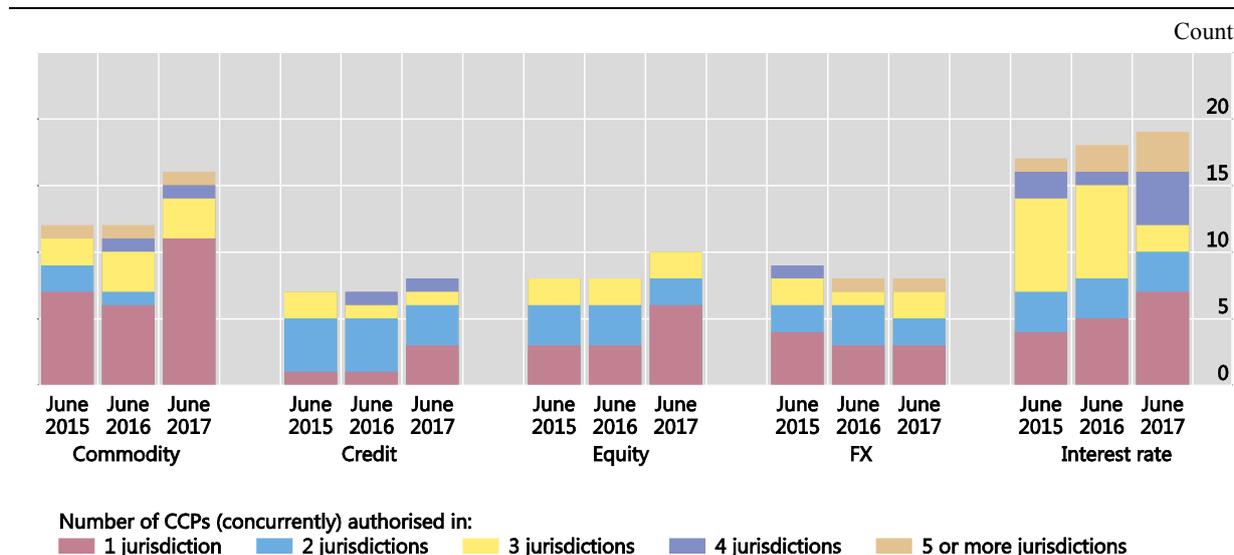
X indicates the number of CCPs clearing at least some OTC derivatives products in given asset class that are authorised (i.e. licensed, registered, recognised, or operating pursuant to an exemption) and operating to centrally clear OTC derivatives in each indicated jurisdiction, and for which type of asset classes clearing is available.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

Since June 2016 there has been further expansion in the cross-border availability of CCPs, with 19 of 32 CCPs authorised to clear products in a given asset class in two or more jurisdictions (Figure 2, and Table N in Appendix H). Consistent with the legislative frameworks in place, cross-border availability is greatest in the case of interest rate derivatives, where there are now seven CCPs concurrently authorised in four or more jurisdictions (up from three at end-June 2016). Given that most jurisdictions allow only CCPs that have been authorised domestically to be used for meeting that jurisdiction's central clearing requirements (or, in some cases, to be used at all by domestic market participants), increased cross-border availability of CCPs may be one factor in facilitating the further expansion of central clearing of OTC derivatives. More generally, having a given CCP available for use by a larger number of participants may also enhance the prospective multilateral netting, collateral efficiencies and other risk management benefits of that CCP (though this may also increase the systemic relevance of that particular CCP). Recent cross-border regulatory developments in relation to CCPs and central clearing are discussed further in Section 3.4.

Figure 2

Number of CCPs concurrently authorised in one or more jurisdictions



Each bar indicates the number of CCPs authorised (i.e. licensed, registered, recognised, or operating pursuant to an exemption) and operating to centrally clear at least some OTC derivatives sub-products in one or more FSB member jurisdictions in the indicated asset class. The colours indicate the numbers of CCPs authorised in the respective numbers of FSB member jurisdictions. No CCP is currently available in more than 8 FSB member jurisdictions in a given asset class. Source: FSB member jurisdictions.

3.3.2 Estimated scope for central clearing

Consistent with the fairly widespread authorisation across jurisdictions of CCPs clearing OTC interest rate derivatives and the current clearing offerings of such CCPs, jurisdictions estimate a high percentage of new interest rate derivative transactions could be centrally cleared (Appendix I).⁴³ Ten jurisdictions have estimated that 60% or more of new interest rate derivative transactions are able to be centrally cleared, given current central clearing offerings in their respective jurisdictions, and an additional two jurisdictions estimate the number at between 40–60%. For other asset classes, however, most jurisdictions estimate that a smaller share of new transactions are eligible to be cleared given the current central clearing offerings.

3.4 Cross-border regulatory arrangements for central clearing and non-centrally cleared derivatives

Further advances have been made in cross-border regulatory arrangements for central clearing and NCCDs since the eleventh progress report, both in terms of actual deference decisions and also in formalising specific legal powers to exercise deference. As for the broad legal capacity to exercise deference, no new steps were taken during the reporting year such that a change of status was reported: See Appendix L for more detail regarding jurisdictions’ deference frameworks.

⁴³ Note that estimation methodologies employed varies across jurisdictions, given challenges in collecting and interpreting relevant data.

Power to exercise deference

In line with the agreement of G20 Leaders reached at the St Petersburg Summit in 2013, jurisdictions and regulators should be able to defer to each other when it is justified by the quality of their respective regulatory and enforcement regimes, based on similar outcomes, in a non-discriminatory way, paying due respect to home country regulation regimes.

The newly finalised Australian and Canadian margin regimes provide for deference to foreign regimes on a case-by-case basis.

- In Australia, in December 2016, APRA finalised its new Prudential Standard CPS 226 *Margining and risk mitigation for NCCDs*, which provides it with the power to approve substituted compliance with respect to the margin requirements of a foreign jurisdiction. CPS 226 also gives APRA the power to limit the scope of or impose conditions on recognised substituted compliance.
- In Canada, in certain circumstances, the Office of the Superintendent of Financial Institutions (OSFI)'s margin guideline for non-centrally cleared derivatives allows for deference to the regulatory framework of the home jurisdiction on matters such as the definition of a covered entity, threshold for initial margin and minimum transfer amounts. In addition, foreign bank branches (FBB) operating in Canada or covered federally-regulated financial institutions (FRFIs) dealing with a foreign (i.e. non-Canadian) counterparty will be deemed in compliance with OSFI's margin requirements if the FBB or FRFI has complied with the margin requirements of the foreign jurisdiction and the FBB or covered FRFI has documentary evidence that the margin requirements of the foreign jurisdiction are comparable to the BCBS-IOSCO margin requirements for NCCDs.

Deference decisions

In Canada, substituted compliance has been granted to market participants and infrastructures complying with comparable US CFTC and EU regulations regarding mandatory central clearing and segregation of customer collateral.

In the EU, in December 2016, the EC adopted six 'equivalence' decisions (implementing acts) for the regulatory regimes for CCPs in Brazil, the Dubai International Financial Centre, India, Japan (commodities), New Zealand, and the United Arab Emirates.⁴⁴

In Hong Kong, the HKMA currently permits substituted compliance with respect to the margin and risk mitigation standards for NCCDs of WGMR member jurisdictions⁴⁵ are deemed as comparable from the day the respective standards have entered into force in such jurisdictions until the HKMA has completed a comparability assessment.

In Japan, in October 2016, the JFSA published a public notification which designated the margin rules of US (CFTC) and Canadian (OSFI) regulators as equivalent to JFSA rules.

⁴⁴ The said equivalence decisions can be found on the EC's EMIR equivalence webpage: https://ec.europa.eu/info/emir-equivalence-decisions_en.

⁴⁵ WGMR member jurisdictions comprise Australia, Canada, the EU, Hong Kong, India, Japan, Korea, Mexico, Russia, Singapore, Switzerland and the US.

Substituted compliance is provided to a transaction subject to duplicative application of Japan and foreign margin rules to the transaction.

In Switzerland, in July 2016, FINMA determined the EU derivatives framework set out in EMIR as provisionally equivalent with corresponding Swiss requirements, with the aim to give financial market participants sufficient lead time for technical implementation.⁴⁶

In the US, in September 2016, the CFTC issued a comparability determination for margin requirements for NCCDs applicable to certain swap dealers and major swap participants under the laws and regulations applicable in Japan. The US Prudential Regulators (the Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Farm Credit Association and Federal Housing Finance Agency) have begun the substituted compliance determinations process with respect to major jurisdictions that have margin rules in place.

Proposed deference decisions

In May 2017, APRA released a consultation on its proposal to permit substituted compliance with respect to the margin requirements or provisions of seven foreign jurisdictions, subject to a condition for intra-group requirements for certain jurisdictions.

In the EU, no transaction level determination has been made so far; however, following the adoption by the EC of margin requirements in October 2016, work has started to assess third-country jurisdictions that have margin rules in place so that counterparties may only comply with one set of requirements. The EC also recently published a Staff Working Document providing an overview of the equivalence process with third countries in EU financial services legislation more broadly.⁴⁷

Table J
Central clearing and non-centrally cleared transaction-related deference decisions

FSB member jurisdictions, as at end-June 2017

Jurisdiction making deference decision	Regulatory requirement category	Jurisdiction receiving deference
AU	Regulatory regime for CCPs	EU, US (CFTC)
	Regulatory regime for market participants	Germany, Hong Kong, Singapore, UK, US
CA	Regulatory regime for CCPs	UK, EU (new), US (CFTC)
	Regulatory regime for market participants (new)	EU, US

⁴⁶ See <https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/4dokumentation/finma-aufsichtsmittelungen/20160707-finma-aufsichtsmittelung-01-2016.pdf?la=en>. Further information on the decision regarding definitive recognition of the equivalence of the relevant EU regulations in due course.

⁴⁷ https://ec.europa.eu/info/sites/info/files/eu-equivalence-decisions-assessment-27022017_en.pdf

Table J

Central clearing and non-centrally cleared transaction-related deference decisions

FSB member jurisdictions, as at end-June 2017

Jurisdiction making deference decision	Regulatory requirement category	Jurisdiction receiving deference
EU	Regulatory regime for CCPs	Australia, Brazil (new), Canada, Hong Kong, India (new), Japan, Japan (commodities) (new), Korea, Mexico, New Zealand (new), Singapore, South Africa, Switzerland, the Dubai International Financial Centre (new), United Arab Emirates (new), US (CFTC)
HK	Regulatory regime for market participants	Australia, Brazil, Canada, EU, Japan, Singapore, Switzerland and US
	Regulatory regime for market participants (margin) (new)	HKMA: Australia, Canada, the European Union, Hong Kong (SFC), India, Japan, Republic of Korea, Mexico, Russia, Singapore, Switzerland and the United States ^(b)
JP	Regulatory regime for market participants (new)	Canada, US (CFTC)
MX	Regulatory regime for CCPs	US (CFTC)
SG	Regulatory regime for CCPs	UK, US (CFTC)
	Regulatory regime for market participants (margin) (new)	Australia, Canada, the European Union, Hong Kong, India, Japan, Republic of Korea, Mexico, Russia, Singapore, Switzerland and the US (CFTC) ^(c)
CH ^(a)	Regulatory regime for market participants	EU
US	Regulatory regime for CCPs	CFTC: Australia, EU, Hong Kong, Japan, Korea
	Regulatory regime for market participants	CFTC: Australia, Canada, EU, Hong Kong, Japan (new with regards to margin requirements), Switzerland

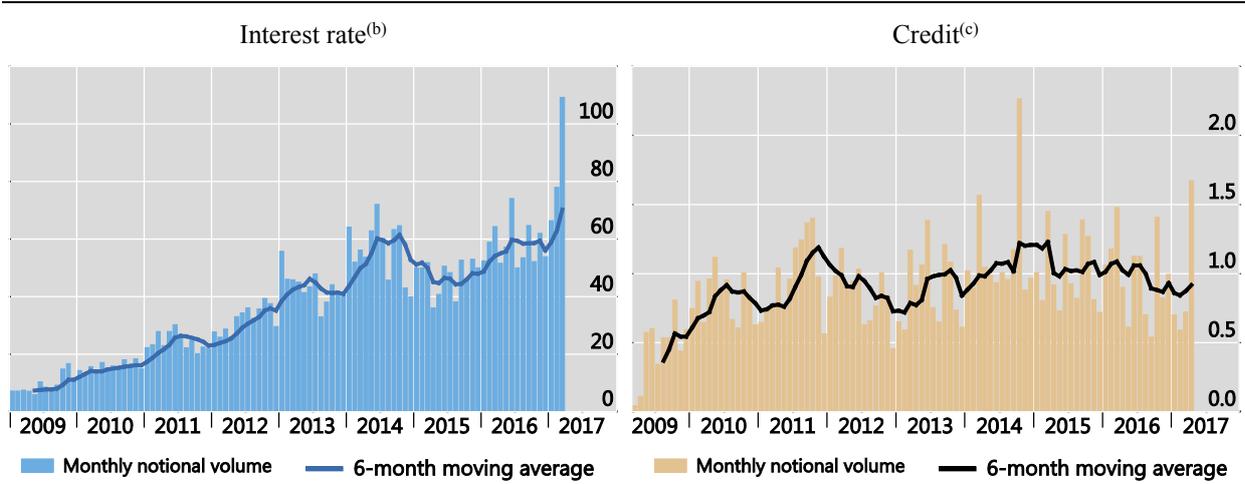
(a) FINMA has recognised the relevant EU regulations as provisionally equivalent and will in due course provide information about the decision regarding definitive recognition of the equivalence of the European regulations. (b) From the date of entry into force of the respective margin standards in the jurisdictions listed above and until further notice, the HKMA deems the margin standards of the respective jurisdictions as comparable. (c) MAS is currently of the view that compliance with the margin requirements implemented by WGMR member jurisdictions (listed) are comparable and deemed to be in compliance with MAS' margin requirements for non-centrally cleared derivatives transactions. (**new**) indicates new deference decisions since August 2016. Regulatory regimes for market participants can include transaction-level requirements (such as certain clearing requirements) or entity-level requirements (such as certain supervision/oversight requirements, or general business conduct requirements). Specific requirements, and deference decisions, under each broad category vary across jurisdictions. Source: FSB member jurisdictions.

3.5 Market use of CCPs and other risk-mitigation services

Market use of CCPs continues to grow in clearing OTC interest rate and remains at similar levels to the past two years in credit derivatives. Aggregate clearing volumes for newly executed OTC interest rate derivative transactions has averaged around US\$70 trillion in notional amounts per month in the six months to March 2017 for two of the largest CCPs

currently authorised to offer central clearing in several jurisdictions, compared with around US\$60 trillion in the six months to June 2016 (Figure 3), with particularly strong growth in March 2017 to over \$100 trillion for the month. Central clearing volumes for credit derivatives have been fairly steady in recent years, averaging around US\$1 trillion in notional amounts per month since the start of 2014 for the largest CCPs clearing credit derivatives in the EU and US, but again volumes were strong in March 2017.

Figure 3
Central Clearing Volumes in OTC Derivatives for Selected EU and US CCPs
 Monthly notional amounts,^(a) USD trillions



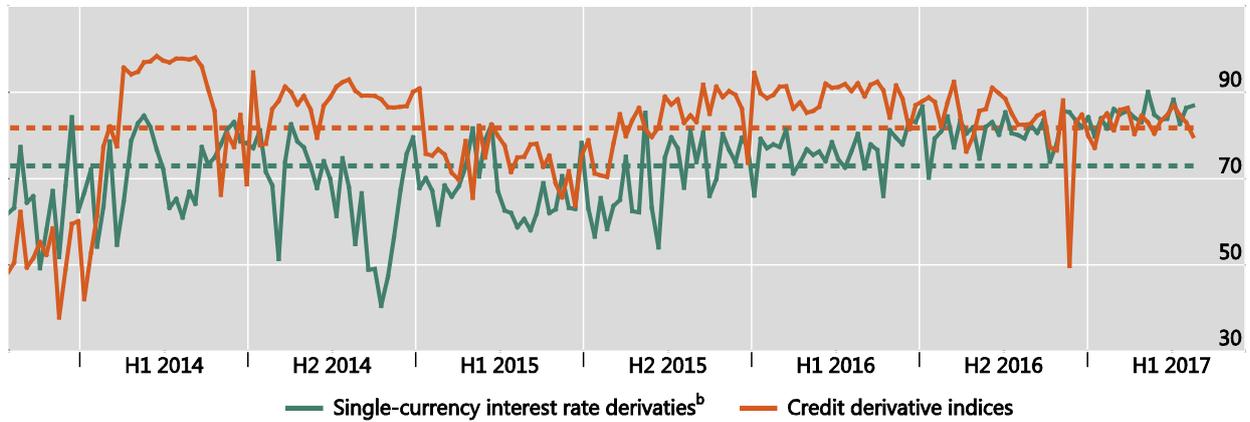
(a) Newly cleared transactions, gross of subsequent netting or compression. (b) All OTC interest rate derivative transactions cleared by CME Clearing and LCH.Clearnet Ltd (SwapClear). (c) All credit derivative transactions cleared by ICE Clear Credit and ICE Clear Europe. Sources: CME Group; ICE Clear, LCH.Clearnet.

Public information on newly transacted OTC derivatives in the US indicates that, of single-currency interest rate OTC derivatives transactions reported under CFTC trade reporting rules, centrally cleared trades as a percentage of weekly aggregate transaction volume have averaged 82% over Q1 2017 (Figure 4). The rate of central clearing of OTC credit derivative indices is 73% for the same period.

Figure 4

Central Clearing of New OTC Derivatives Transactions in the US

Centrally cleared trades as percentage of weekly aggregate transaction volume^(a)



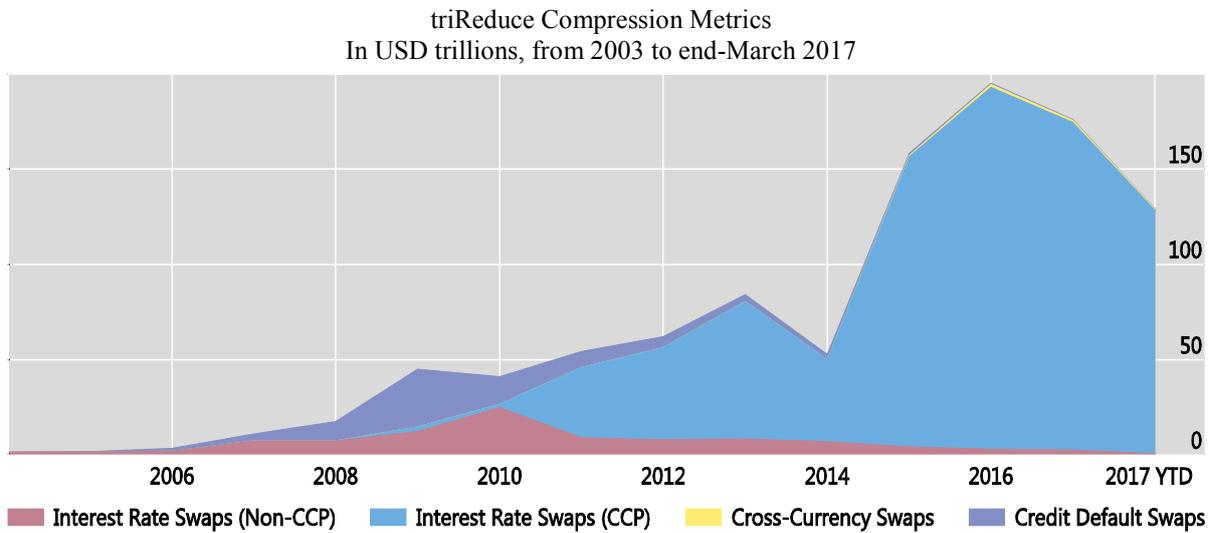
Dotted line indicates average from October 2013 to April 2017. (a) Transactions reported to CME Group SDR, DTCC Data Repository and ICE Trade Vault in accordance with CFTC trade reporting rules. Amounts cleared include both transactions subject to CFTC mandatory clearing requirements and those cleared voluntarily. Data are aggregated by notional principal amounts. (b) Includes both single-currency and cross-currency transactions. Source: CFTC, Weekly Swaps Report.

Authorities' estimates suggest that in several jurisdictions there is capacity for further uptake of central clearing of OTC derivatives, based on the difference between transactions that can be centrally cleared (given current clearing offerings) for each asset class versus transactions that are actually centrally cleared, as shown in Appendix I.

As discussed in Section 3.2.5, some authorities have been promoting the wider use of various risk mitigation measures for NCCDs through requirements to implement or consider such measures, given that a proportion of OTC derivative transactions are not centrally cleared (and will likely remain so into the future). In several cases market participants apply these risk mitigation measures through the use of third-party services, particularly where there are potential multilateral benefits. Two of those services, multilateral trade reconciliation and portfolio compression, are used by large OTC derivatives market participants; Figure 5 shows developments in the use of trade compression at one prominent service provider, for some asset classes of both NCCDs and cleared OTC derivatives.

Figure 5

Use of portfolio compression services



Volume of trades for some asset classes of both NCCDs and cleared OTC derivatives compressed annually, measured by overall reduction in gross notional outstanding effected by compression cycles. Figures quoted are single-counted, apart from CCP, which are double-counted in line with market convention. * to 30 June, annualised. Sources: TriOptima.

3.6 Implementation issues, market developments, and related international workstreams

3.6.1 Availability and access to central clearing

Some authorities continue to note concerns over the availability of central clearing services. At present, some authorities remain particularly concerned about the withdrawal or relative scarcity of clearing members willing to take on smaller financial and non-financial institutions who may be subject to requirements to centrally clear. For example, there are suggestions that in the EU and Canada, only a small number of clearing members are currently actively offering client clearing services in OTC derivatives.

ESMA concluded that counterparties with the smallest level of activity in OTC derivatives are facing difficulties in preparing the arrangements with clearing members that are necessary for clearing.⁴⁸ In response, to these issues the EC recently endorsed technical standards proposing to postpone the clearing obligation for small financial counterparties (FCPs) by up to two years.⁴⁹ In line with this temporary relief provided to the smallest FCPs, the EC proposal to amend targeted areas of EMIR seeks to exempt small financial counterparties on a permanent basis.⁵⁰

⁴⁸ See ESMA (2016), *Final Report on the clearing obligation for financial counterparties with a limited volume of activity*, ESMA/2016/1565, www.esma.europa.eu/sites/default/files/library/2016-1565_final_report_on_clearing_obligation.pdf

⁴⁹ Commission Delegated Regulation (EU) 2017/751 of 16.3.2017 amending Delegated Regulations (EU) 2015/2205, (EU) 2016/592 and (EU) 2016/1178 as regards the deadline for compliance with clearing obligations for certain counterparties dealing with OTC derivatives, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0751&from=EN>.

⁵⁰ In a report adopted on 23 November 2016 on the application of EMIR, the European Commission indicated that, looking ahead, an assessment should be made as part of the EMIR review as to whether the current clearing exemption could be

Concerns continue to be raised by some market participants that, among several other factors, the leverage ratio treatment of cleared client derivatives transactions (i.e., initial margin collateral collected from clients not being permitted to reduce the clearing member's leverage ratio exposure) may be discouraging banks from offering client clearing services. In April 2016 the BCBS issued a consultative paper seeking comments on the impact of the Basel III leverage ratio on clearing members' business models, including but not limited to the impact on the cost of clearing members' provision of clearing services to clients.⁵¹ The BCBS is reviewing the comments received on all aspects of the Basel III leverage ratio proposal. The BCBS also collected data on this issue as part of a quantitative impact study. The EC proposed in November 2016 an amendment to Regulation (EU) No 575/2013 to address this issue by allowing clearing members to reduce their leverage ratio exposure measure by the initial margin received from clients for derivatives cleared through QCCPs.

Jurisdictions with smaller OTC derivatives markets are concerned about these issues and also about cross-border issues. Indian authorities noted that mandating central clearing without the local CCP (CCIL) being recognised by other jurisdictions might adversely impact the participation of foreign banks in Indian markets. Similarly, Singapore considers that there may be challenges in implementing specific clearing obligations in the event where a locational mandate (i.e. one requiring clearing through a local clearing house) is imposed as market participants in other jurisdictions may not have access to the relevant clearing house. Other jurisdictions such as Turkey and South Africa were also concerned about the potential impact of these reforms on smaller markets.

3.6.2 Joint workplan for CCP international policy work

With the expanded role of CCPs in OTC derivatives markets, the international regulatory community continues to emphasise that the design and operation of resilient CCPs support systemic risk mitigation in the global financial system.

In 2015, the Chairs of the FSB Standing Committee on Supervisory and Regulatory Cooperation, the FSB Resolution Steering Group, the Committee on Payments and Markets Infrastructures (CPMI), the International Organization of Securities Commissions (IOSCO), and the Basel Committee on Banking Supervision (BCBS) agreed to coordinate their respective international policy work aimed at enhancing the resilience, recovery planning and resolvability of CCPs.⁵² Workstreams launched following the joint CCP workplan are now largely complete, and a forthcoming report will summarise the main outputs as well as describing the next phase of work.

On resilience and recovery, in addition to the 'Level 2' peer reviews on the PFMI of individual jurisdictions mentioned in section 2.5.4, 'Level 3' peer reviews assess consistency in the outcomes of implementation of the PFMI across financial market infrastructures and implementation of the Responsibilities across authorities. In August 2016, CPMI-IOSCO

prolonged or made permanent without compromising on EMIR's objective of reducing systemic risk. Available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52016DC0857&from=EN>

⁵¹ At the same time, the leverage ratio is deliberately designed as a less risk-sensitive measure within the broader suite of reforms supporting the G20 goal of increasing the resilience and loss-absorbing capacity of the banking sector.

⁵² See FSB and others (2015), *CCP Workplan*: <http://www.fsb.org/wp-content/uploads/Joint-CCP-Workplan-for-2015-For-Publication.pdf>

published an initial Level 3 report on their assessment of the financial risk management and recovery practices of 10 derivatives CCPs.⁵³ CPMI and IOSCO are currently working on a follow-up review. This new Level 3 review focuses on CCPs' progress in addressing the most serious issues of concern identified in the first Level 3 report, namely on CCP recovery planning, coverage of financial resources and liquidity stress testing. The CPMI and IOSCO aim to publish a report on the findings of this exercise by end-2017.

In July 2017, CPMI-IOSCO will publish a report on CCP resilience which provides further guidance to the PFMI regarding financial risk management for CCPs. The report was informed by comments received on a consultative version of the report issued in August 2016.⁵⁴ Similarly, CPMI-IOSCO is also expected to publish a report in July 2017 on further guidance to the PFMI regarding CCP recovery of financial market infrastructures.

In addition, CPMI and IOSCO are developing a framework for supervisory stress testing of CCPs. This framework is designed to support supervisory stress tests conducted by one or more authorities that examine the potential macro-level impact of a common stress event affecting multiple CCPs. A consultative version of this framework was published in June 2017.⁵⁵

On CCP resolution, the FSB will publish in July 2017 Guidance on CCP Resolution and Resolution Planning. The guidance was developed on the basis of a discussion paper published in August 2016⁵⁶ and a consultative document published in February 2017.⁵⁷ It is intended to assist authorities in their resolution planning, including assessing resolvability and considerations about the formation of crisis management groups for CCPs that are systemically important in more than one jurisdiction, and with a view to promoting international consistency. It complements the Key Attributes and the sector-specific Annex for FMIs by providing guidance on implementing the Key Attributes of Effective Resolution Regimes for Financial Institutions.⁵⁸ Also, the FSB is undertaking further work on financial resources for CCP resolution and, based on further analysis and experience gained in resolution planning, will determine by end-2018 whether it should develop further guidance on this issue.

As part of the joint CCP workplan, and in support of the above workstreams, a joint BCBS–CPMI–FSB–IOSCO study group was established to identify, quantify and analyse interdependencies between CCPs, major financial institutions and key CCP participants and any resulting systemic implications. The study group undertook a survey of a range of CCPs,

⁵³ CPMI-IOSCO (2016), *Implementation monitoring of PFMI: Level 3 assessment – Report on the financial risk management and recovery practices of 10 derivatives CCPs*, August; available at <http://www.bis.org/cpmi/publ/d148.htm> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD538.pdf>.

⁵⁴ See CPMI-IOSCO (2016), *Resilience and recovery of central counterparties (CCPs): Further guidance on the PFMI - consultative report*, August; available at <http://www.bis.org/cpmi/publ/d149.htm> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD539-portfolio.pdf>. The report on CCP resilience sets out guidance in the following main areas: (i) governance and disclosure relating to the CCP's risk management framework; (ii) credit and liquidity stress testing; (iii) coverage of credit and liquidity resource requirements; (iv) margin; and (v) a CCP's contribution of its financial resources to losses; (vi) coverage of credit and liquidity resource requirements and (vii) recovery planning.

⁵⁵ CPMI and IOSCO (2017), *Consultative Report: Framework for supervisory stress testing of central counterparties* at www.bis.org/cpmi/publ/d161.htm and www.iosco.org/library/pubdocs/pdf/IOSCOPD566.pdf

⁵⁶ FSB, *Discussion Note on Essential Aspects of CCP Resolution Planning*, 16 August 2016 (<http://www.fsb.org/2016/08/essential-aspects-of-ccp-resolution-planning/>).

⁵⁷ FSB, *Consultation on guidance for CCP resolution and resolution planning*, 1 February 2017. (<http://www.fsb.org/2017/02/fsb-consults-on-guidance-for-ccp-resolution-and-resolution-planning/>)

⁵⁸ FSB (2014), *Key Attributes of Effective Resolution Regimes for Financial Institutions*, available at <http://www.fsb.org/2014/10/key-attributes-of-effective-resolution-regimes-for-financial-institutions-2/>. See Appendix II-Annex 1 for sector-specific guidance on Resolution of FMIs and FMI participants.

to map key interconnections between CCPs, major financial institutions and its participants globally – in terms of both memberships and multiple service provisions (such as reliance on particular banks for lines of credit, etc.). The results of the group’s work were reported to the parent committees, and a summary will be published in July 2017.

3.6.3 Implementation of margin requirements for non-centrally cleared derivatives

A monitoring group was established by the BCBS and IOSCO in 2014 to assess the state of implementation, readiness, efficacy and appropriateness of the margin requirements across jurisdictions. Implementation issues that have been identified by the monitoring group include:

- *Interaction of, and differences in, authorities’ requirements in cross-border contexts.* There are some differences and uncertainties such as which transactions are subject to requirements, and what is eligible collateral under the requirements.
- *Market participant readiness for commencement of requirements.* The implementation of initial and variation margin requirements has presented significant challenges to the derivatives market.
 - Derivatives client relationships need in many cases to be “re-papered” with new contract terms to comply with the requirements; further, segregated collateral accounts need to be established in many cases and new processes need to be put in place to calculate and exchange the required amounts of margin between parties.
 - As the 1 March 2017 date approached for the start of phase 2 of the variation margin requirements, authorities were made increasingly aware by industry of difficulties in meeting the 1 March deadline. As a result, a number of authorities published statements⁵⁹ about their approach, including in many cases granting transitional relief or supervisory guidance until 1 September 2017.
- *Netting practices and collateral enforceability.* Some authorities have noted that the implementation of margin requirements in cross-border contexts can be complicated where netting agreements or margin arrangements governing OTC derivatives transactions may not be fully effective under applicable laws of some counterparties or transactions in events of default or insolvency.
- *Substituted compliance and equivalency determinations.* Some authorities have noted that deference should be applied in relation to margin requirements where it is appropriate and justified, to avoid duplication and inconsistencies in requirements.
- *Timing for the exchange of margin, including calculation and collection.* Some authorities have noted that there may be operational challenges for transactions involving counterparties and collateral across multiple time-zones or where there are different settlement periods for securities in different jurisdictions.

Given that the transitional arrangement or grace period in many jurisdictions will expire by the end of August 2017, and the phase 2 of initial margin requirements will be introduced from September 2017, it will be important that authorities closely monitor developments. To ensure smooth implementation, it would be helpful for jurisdictions undertaking assessments about

⁵⁹ See for example IOSCO (2017), Statement on Variation Margin Implementation, www.iosco.org/library/pubdocs/pdf/IOSCOPD556.pdf.

whether to provide deference to finalise them in a timely manner. As the implementation of these margin requirements proceeds, the BCBS–IOSCO monitoring group will continue to assess implementation developments and report to its parent committees as appropriate.

3.6.4 Incentives to centrally clear

The chairs of the BCBS, Committee on the Global Financial System (CGFS), CPMI, FSB and IOSCO established a Derivatives Assessment Team (DAT) to assess the incentives to centrally clear OTC derivatives resulting from the various standards for capital and margin requirements developed by standard-setting bodies. A report of the DAT’s observations was published in October 2014.⁶⁰ In light of subsequent policy development and ongoing implementation since that report was finalised, a follow-up assessment of central clearing incentives will be undertaken. This work is expected to commence in July 2017 and is expected to be finalised by end-2018.

3.7 Other cross-border issues relating to central clearing and margin requirements

In addition to the issues discussed above for which international workstreams are underway, some authorities identified other issues as priorities to resolve.

- Australia and Japan reported that for margin requirements, completing equivalence assessments with major jurisdictions in a timely manner is a priority.
- Mexico suggested that coordination among authorities in the implementation of central clearing requirements for the same OTC derivative products might strengthen the OTC derivatives markets and avoid market fragmentation, regulatory arbitrage and distress on market liquidity.⁶¹
- South Africa suggested that equivalence assessments for local market infrastructure by larger jurisdictions are unclear and slow, and that South Africa has not been prioritised by larger jurisdictions preventing it from being recognised as equivalent and hampering the ability of local market infrastructure to offer services to subsidiaries of parent companies in those larger jurisdictions.
- Switzerland reported having some remaining concerns regarding registration requirements in foreign jurisdictions for market participants who are already adequately authorised and supervised in their home jurisdiction where the consequences of such a registration are not clarified in advance.

More generally, some of these issues could be addressed through deference to national regimes when it is justified, in line with the St Petersburg G20 Leaders’ Declaration.⁶²

⁶⁰ BIS (2014), Regulatory reform of over-the-counter derivatives: an assessment of incentives to clear centrally, October; available at: <http://www.bis.org/publ/othp21.pdf>.

⁶¹ On margining, Mexico also suggested there was a lack of clarity on the availability of deference for margin, or the elements that would be considered; the risk-mitigating nature of two-way exchange of initial margins when the counterparty is located in a jurisdiction where effective segregation of collateral is not possible; and the timing of exchange of margins, as different approaches have been adopted across jurisdictions and this could impose certain operational challenges.

⁶² See note 1 *supra*.

4. Exchange and electronic platform trading and market transparency

4.1 Overview

As has been the case for some time, there is considerable variation in how FSB member jurisdictions are implementing the G20 commitment that standardised OTC derivatives should be traded on exchanges or electronic platforms, where appropriate. While 18 jurisdictions have now established a legislative basis to take steps to promote more platform trading where appropriate, only 12 jurisdictions have in force comprehensive assessment standards or criteria for determining when products should be platform traded, and an appropriate authority regularly assesses transactions against these criteria. Several jurisdictions note that domestic authorities continue to monitor market conditions, with further steps related to trading requirements not seen as appropriate at this time. In a few jurisdictions, trading platforms are available for executing transactions across a range of OTC derivatives products, though availability appears to be more limited for the majority of jurisdictions.

4.2 Reforms to regulatory frameworks and requirements

4.2.1 Reforms to regulatory frameworks

As noted in previous progress reports, it is important that authorities have in place a framework in which they regularly assess these markets and that allows them to move transactions to organised trading platforms where appropriate, to ensure this element of the G20 commitment is implemented. This is the case even where authorities do not consider market conditions currently, or for the foreseeable future, warrant specific trade execution requirements being in place.

Since June 2016 Singapore published criteria for determining when products should be traded on organised trading platforms, bringing to 12 the number of FSB member jurisdictions that, as at end-June 2017, have such standards or criteria (Table K).

Also since the eleventh progress report, Russia and South Africa launched consultations on criteria covering at least some products, and Korea adopted a legislative framework for imposing platform trading requirements.

By end-2018 Brazil expects to have joined the group of 12 member jurisdictions mentioned above, and Turkey expects to have launched a consultation on requirements covering at least some products. Otherwise, there are no planned further reforms to jurisdictional frameworks. Appendix F provides additional detail on jurisdictions' recent and anticipated regulatory progress in this commitment area.

Table K

Status of exchange or electronic platform trading regulatory implementation

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR	3	3	3	3	3	3	3	3
AU	Blue							
BR	1	1	1	1	1	2	3	Blue
CA	2	2	2	2	2	2	2	2
CN	3	3	3	3	3	3	3	3
EU	Blue							
HK	1	1	1	1	1	2	2	3
IN	1	1	1	1	1	1	2	3
ID	3	3	3	3	3	3	3	3
JP	Blue							
KR	Red	1	1	1	1	1	1	1
MX	Blue							
RU	1	1	2	2	2	2	2	2
SA	1	1	1	1	1	1	1	1
SG	1	1	Blue	Blue	Blue	Blue	Blue	Blue
ZA	1	1	1	2	Blue	Blue	Blue	Blue
CH	Blue							
TR	1	1	1	1	1	1	1	2
US	Blue							

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

4.2.2 Trading requirements

At end-June 2017, six FSB member jurisdictions had determinations in force for specific products to be executed on organised trading platforms, up from three at end-June 2016 (Table L). Since the eleventh progress report, China and Indonesia reported having made relevant determinations.⁶³ Determinations had been made previously in Japan, Mexico and the US. A number of other jurisdictions report that under the frameworks they have adopted they will give further consideration to whether platform trading requirements are needed over the coming period. In the EU, where central clearing determinations have been adopted for certain classes of interest rate derivatives, ESMA is expected to submit to the EC an assessment and recommendation for trade execution determinations for certain classes of interest rate derivatives. The EC would then determine derivative products that would be subject to trade execution requirements, expected in early-2018.

⁶³ In the case of Indonesia, newly reported determinations were made prior to the eleventh progress report but are reported for the first time.

Table L
Trade execution determinations
Determinations in force as at end-June 2017

	Determinations in force as at end-June 2017
CN	Bond forward, RMB/FX forward, RMB/FX swap, RMB cross currency swap, RMB/FX option (new)
IN	<i>Interest rate:</i> Overnight Index Swap (OIS) referenced to Overnight Mumbai Interbank offer rate (MIBOR) and Mumbai Interbank Overnight Index Swap (MIOIS) benchmark (new)
ID	<i>Equity:</i> all derivative products related to capital market (in particularly equity derivatives) are required to be traded on exchange and centrally cleared. <i>Commodity:</i> platform trading through exchange and electronic trading system is required for commodity derivative products.
JP	<i>Interest rate:</i> selected fixed-floating swaps denominated in JPY
MX	<i>Interest rate:</i> certain fixed-floating swaps denominated in MXN
US	<i>Credit:</i> selected North America (CDX) and Europe (iTraxx) indices <i>Interest rate:</i> selected fixed-floating and basis swaps, FRAs and OIS denominated in EUR, GBP, JPY and USD

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions. (new) denotes new since end-June 2016

4.3 Availability of trading platforms and related developments

4.3.1 Availability of trading platforms

Organised trading platforms are available in 16 FSB member jurisdictions for trading OTC derivatives – see Appendix K for a list of exchanges and trading platforms for execution of OTC derivatives transactions reported by jurisdictions as being available. In the case of Australia, Canada, Germany, UK, Japan, Mexico and the US, platforms are available across a range of OTC derivatives products. Additionally, the EU has a wide availability of platforms (although the current regulatory status of these platforms does not yet reflect the implementation of new regulatory requirements that will come into force under MiFID II/MiFIR).

4.3.2 Market transparency

As recommended by the FSB in its October 2010 report, authorities should explore the benefits and costs of requiring public price and volume transparency of all trades, including for non-standardised derivatives or NCCDs that continue to be traded OTC.⁶⁴ Earlier progress reports have noted the importance of the commitment that standardised OTC derivatives contracts should be traded on electronic trading platforms or exchanges, where appropriate, as a means for improving market transparency and assisting in protecting against market abuse.

Jurisdictions differ in terms of scope and timing with regards to post-trade transparency (see Table M).

⁶⁴ See FSB (2010), *Implementing OTC Derivatives Market Reforms*, October; available at: http://www.fsb.org/wp-content/uploads/r_101025.pdf.

Table M
Post-trade transparency requirements^(a)

Information required to be published about completed OTC derivatives transactions	No. of jurisdictions
No information	2
Aggregate information on a monthly basis (or less than weekly)	6
Aggregate information on a weekly basis (or less than daily)	9
Aggregate information on a daily basis	4
Aggregate information on an intra-day basis	2
Trade-by-trade information on a daily basis	1
Trade-by-trade information on a (close to) real time basis	3
Other information publication requirements	9

(a) Numbers refer to the numbers of jurisdictions reporting having indicated requirements to publish information about OTC derivatives transactions, either on the part of TRs, trading platforms, CCPs or authorities, as at end-2016. Source: FSB member jurisdictions.

4.3.3 Cross-border regulatory arrangements

Since the eleventh progress report, there have been no relevant developments with regard to cross-border regulatory arrangements to report. In the lead-up to the commencement of the MiFID 2 / MiFIR legislation in the EU (due on 3 January 2018), authorities can be expected to engage bilaterally on questions around mutual recognition of trading platforms. At the time of this writing, the timetable for any such discussions, and the method of for resolving them, was not public.

Appendix A: Estimated size of OTC derivatives markets across FSB member jurisdictions

Total notional outstanding amounts for all OTC derivatives, USD, March 2017

	Commodity					Credit					Equity					FX					Interest Rate					
	< 50 bn	50 bn to < 500 bn	500 bn to < 5 tn	5 tn to < 50 tn	> 50 tn	< 50 bn	50 bn to < 500 bn	500 bn to < 5 tn	5 tn to < 50 tn	> 50 tn	< 50 bn	50 bn to < 500 bn	500 bn to < 5 tn	5 tn to < 50 tn	> 50 tn	< 50 bn	50 bn to < 500 bn	500 bn to < 5 tn	5 tn to < 50 tn	> 50 tn	< 50 bn	50 bn to < 500 bn	500 bn to < 5 tn	5 tn to < 50 tn	> 50 tn	
AR	●	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-
AU	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-	-	●	-	-
BR	●	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-
CA	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	-	●	-	-
CN	-	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-
EU	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-	-	●	-
HK	●	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-	●	-	-	-
IN	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-
ID	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-
JP	-	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	-	●	-	-
KR	●	-	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-
MX	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	-	●	-	-	-
RU	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-
SG	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	●	-	-
ZA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CH	-	●	-	-	-	-	-	●	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-
TR	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	●	-	-	-	-	-	●	-	-	-	-
US ^a	-	-	●	-	-	-	-	●	-	-	-	●	-	-	-	-	-	●	-	-	-	-	-	-	●	-

Estimates based on each jurisdiction's own assessment, using information available as at March 2016. ■ indicates: not applicable/no OTC derivatives transactions in this asset class. ■ indicates: data not able to be provided. (a) The US categorisation for the equity asset class reflects only CFTC data.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

Appendix B: Implementation timetable: reporting of OTC derivatives to trade repositories

Timetable for implementation of trade reporting commitment including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR		A new bill was sent to the National Congress to reform the Capital Markets Law 26,831. The reform includes the incorporation of the category TRs. At the moment, the registration of derivative contracts is carried by the markets according to the regulations of the Securities and Exchange Commission (CNV).	The new bill is in parliamentary state at the National Congress.			We estimate by Q4 2017 the sanction of the bill reforming the Capital Markets Law 26,831 by the National Congress.	The CNV will regulate the reform referred to the independent infrastructure of the TRs	Full implementation of the regulation of the TRs
AU								
BR		Regarding TR and higher capital requirements, no steps have been or are expected to be taken, as both are fully implemented.						
CA								
CN	Trade reporting requirements are fully implemented for all OTC interest rate derivatives.							
EU			Adoption by the EC of technical modifications to reporting fields under EMIR.	Adoption by the EC of the respective MiFID II trade reporting standards.		Expected entry into force of the technical modifications to reporting fields under EMIR adopted by the EC.	Expected entry into application on 3 January 2018 of the respective MiFID II trade reporting standards adopted by the EC.	
HK					Phase 2 reporting will be effective from 1 July 2017.			

Timetable for implementation of trade reporting commitment including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
IN					TR to be put in place for interest rate options.			
ID								
JP								
KR	Draft proposal for regulations subordinate to the FSCMA for TR service implementation	Review of the proposal by the FSC	Preparing for implementing a new TR system					
MX						The information requirement of Banco de México regarding credit derivatives is expected to become effective in Q4 2017		
RU	Trade reporting is mandatory for all derivative contracts							
SA							Review of products reported	
SG				Expected issuance of final requirements for mandatory reporting of commodity and equity derivatives		Expected commencement of mandatory reporting of commodity and equity derivatives		
ZA	Draft Regulations were published for a third round of public comment in July 2016. In addition to the Regulations, draft Board Notices issued by the Registrar of the Securities Services (i.e. Financial Services Board) aim to address reporting to licensed Trade Repository(s).			Legislative framework in place	Legislative framework is in force. Standards and trade reporting requirements are in force for all OTC derivative transactions in the following asset classes: commodities credit, equity, FX, interest rate		Trade reporting obligations implementation expected to be finalised	Trade reporting obligations implementation expected to be finalised

Timetable for implementation of trade reporting commitment including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
CH	Trade reporting obligations phase-in (following licensing/recognition of TR).			Two new TRs authorised (see Appendix G).	Trade reporting obligations expected to apply			
TR	The Implementing Regulation on Procedures Concerning TR's Activities and The Communiqué on Reporting Obligations to TRs are revised as a second phase of drafting based on the proposals received from related authorities and professional associations.			The third and last phase of drafting of the Implementing Regulation on Procedures Concerning TR's Activities and the Communiqué on Reporting Obligations to TRs is planned to be finalised based on the proposals received from CMB departments. The last versions of the regulations are planned to be adopted.		First reporting of transactions is expected to take place. No gradual transition is planned. Reporting requirements and standards are expected to apply to over 90 % of transactions.		
US				SEC: Compliance with SEC rules for TRs required by 29 September 2017				

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

Appendix C: Implementation timetable: central clearing of standardised transactions

Timetable for implementation of commitment for central clearing of standardised transactions, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR								
AU								
BR	We kept and intend to keep monitoring our NCCD market, periodically reassessing (through simulation-based on real data) its potential for systemic risk, which has not been considered relevant so far.							
CA				NI94-101 comes into force. This instrument requires the mandatory clearing of certain CAD, GBP, USD and EUR-denominated IRS and FRAs by in-scope counterparties.	NI 94-102 comes into force. This instrument sets out provisions for protecting customer collateral and improving clearing agencies' resilience.			
CN	Implemented mandatory clearing of RMB interest swap in Q1 2014.			Plan to start further study on expanding scope of mandatory clearing to other products or other participants from Q2 2017.				

Timetable for implementation of commitment for central clearing of standardised transactions, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
EU		Entry into application on 21 December 2016 of the clearing obligation for certain IRS denominated in G4 currencies for Category 2 counterparties (financial counterparties above the EUR 8bn threshold and alternative funds that are NFCs and above the EUR 8bn threshold)	Entry into application on 9 February 2017 of the clearing obligation for certain CDS for Category 1 counterparties (clearing members). Entry into application on 9 February 2017 of the clearing obligation for certain IRS denominated in SEK, PLN and NOK for Category 1 counterparties (clearing members).	Expected adoption of technical standards postponing the entry into application of the clearing obligation for certain IRS denominated in G4 currencies, in SEK, PLN and NOK, and certain CDS for Category 3 counterparties (financial counterparties below the EUR 8bn threshold and alternative investment funds that are NFCs and below the EUR 8bn threshold)	Expected entry into application (9 August 2017) of the clearing obligation for certain IRS denominated in SEK, PLN and NOK and for certain CDS for Category 2 counterparties (Financial counterparties above the EUR 8bn threshold and alternative investment funds that are NFCs and above the EUR 8bn threshold)			Expected entry into application (21 December 2018) of the clearing obligation for certain IRS denominated in G4 currencies for Category 4 counterparties (Non-financial counterparties not included in Category 1, 2 or 3)
HK	The first phase of mandatory clearing obligation has been effective from 1 September 2016 where certain interest rate swap transactions entered into by certain regulated entities on or after 1 July 2017 will be required (if they meet certain conditions) to be centrally cleared.				Plan to monitor the result of our mandatory clearing obligation and international development with respect of availability of client clearing service providers in order to assess whether it is appropriate to expand mandatory clearing to cover other participants.	Continue to monitor result of mandatory clearing regime and global development with respect to availability of client clearing service providers.	Where appropriate, consider expanding scope of mandatory clearing to other products or other participants.	Where appropriate, consider expanding scope of mandatory clearing to other products or other participants.
IN					Plan to expand the list of OTC derivative to be cleared through central clearing from Q3 2017			
ID								

Timetable for implementation of commitment for central clearing of standardised transactions, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
JP		JFSA expanded the scope of entities subject to central clearing obligation to insurers, and that of products to transactions under trust accounts.						
KR								
MX		Mandatory central clearing for banks and brokerage firms' transactions with foreign financial institutions and institutional investors to come into force as of November 16, 2016.						
RU							Mandatory central clearing for entities from Category 1	
SA								
SG					Expected issuance of final requirements for mandatory clearing		Expected commencement of mandatory clearing	
ZA	Ongoing Market assessment to determine whether further obligations are required			Ongoing Market assessment to determine whether further obligations are required	Review of incentives based approach and market assessment to determine whether further obligations are required			Review of incentives based approach and market assessment to determine whether further obligations are required
CH	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).							

Timetable for implementation of commitment for central clearing of standardised transactions, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	<i>Q3 2017</i>	<i>Q4 2017</i>	<i>H1 2018</i>	<i>H2 2018</i>
TR	The work in progress for which OTC product to require central clearing							Central clearing requirements with respect to at least some transactions are expected to be published for public consultation or proposal.
US								

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

Appendix D: Implementation timetable: capital requirements for non-centrally cleared derivatives

Timetable for implementing higher capital requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR	Implementation completed.							
AU	Existing requirements commenced 1 January 2013.	Commenced public consultation on implementation of SA-CCR and final CCPs standard.				Further consultation on implementation of SA-CCR and final standard for bank exposures to CCPs expected.		Expected finalisation of new requirements for SA-CCR and final standard for bank exposures to CCPs.
BR	Regarding TR and higher capital requirements, no steps have been or are expected to be taken, as both are fully implemented.							
CA								
CN	China Banking Regulatory Commission (CBRC) issued <i>Capital Requirements for CCP Risk Exposure</i> , which reduced the capital requirements for CCP transactions.							
EU		Adoption by the EC on 22 November 2016 of a proposal to implement the new standardised approach for counterparty credit risk and new rules on capital requirements for exposures to CCPs						
HK			In respect of banks, plan to issue draft rules for implementation of the Basel counterparty credit risk and CCP standards issued in 2014 for industry consultation..	In respect of SFC-licensed corporations, plan to issue further consultation on proposed changes to the capital requirements.	In respect of banks, plan to issue draft rules for implementation of the Basel counterparty credit risk and CCP standards issued in 2014 for industry consultation.	In respect of SFC-licensed corporations, plan to issue conclusions on further consultation proposals		In respect of SFC-licensed corporations, plan to issue for consultation legislative changes to the capital requirements
IN								
ID								
JP								

Timetable for implementing higher capital requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
KR	Regulation amended to apply the requirement to financial investment business companies							
MX			Basel revised capital requirements will become effective as of January 1, 2017. Mexican Authorities are evaluating the timeframe of their incorporation, in light of the recent local amendments in this area.					
RU								
SA								
SG								
ZA	Fully compliant; banks are required to meet capital requirements in terms of Basel III requirements.							
CH	Capital requirements do not depend on the new financial market infrastructure legislation. Basel III standards for banks are already fully implemented in Switzerland.							
TR	BRSA's secondary regulation, which is in line with Basel III and already took into effect on March 31 2016, allows banks dealing with qualified CCPs to calculate lower capital requirements. Other than this regulation no steps were taken regarding capital requirements for NCCDs.							
US		CFTC: Proposed rules on capital requirements published in December 2016.						

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

Appendix E: Implementation timetable: margin requirements for non-centrally cleared derivatives

Timetable for implementing margin requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR								
AU		<p>Draft prudential standard subject to consultation. Legislative framework to allow margining put in place.</p> <p>Finalise draft proposals of the standards for internal discussions, followed by public consultations. Phase-in of new standards. (The expected implementation date may be altered depending on the outcomes of studies that are being carried out.)</p>	Final prudential standard released	<p>IM: Requirements commence 1 March 2017 for entities above AUD 4.5 trillion.</p> <p>VM: From 1 March 2017, requirements apply to all counterparties above AUD 3 billion. Six month transition period 1 March 2017 to 1 September 2017.</p>	<p>IM: Continued phase-in of requirements in line with BCBS-IOSCO implementation timetable.</p> <p>VM: Requirements apply to all counterparties above AUD 3 billion. Six month transition period 1 March 2017 to 1 September 2017.</p>			IM: Continued phase-in of requirements in line with BCBS-IOSCO implementation timetable
BR	Regarding Initial and Variation margin requirements, we have been writing (in Q3-Q4/2016 and Q1/2017) draft rules for consultation. They are expected to be published for consultation in Q2/2017 and the final rules in Q3/2017.							

Timetable for implementing margin requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
CA	Prudential Regulator: Phase in of the margin requirements for NCCDs begins September 1, 2016. Provincial margin proposal published for consultation.	Provincial securities regulators' rule-making process expected to begin.					Provincial securities regulators expect to release rule for public comment.	
CN				Plan to make the draft on margin requirement for non-centrally cleared derivatives.	Consult on and modify the draft from Q3 2017.			
EU		Adoption by the EC on 4 October 2016 of initial margin and variation margin requirements.	Entry into application of Phase 1 of the IM requirements on 4 February 2017. Entry into application of the VM requirements on 4 February 2017 the largest users for clearing members and on 1 March 2017 for other counterparties.		Entry into application as of 1 September 2017 of Phase 2 of the scheduled implementation of initial margin requirements.			Entry into application as of 1 September 2018 of Phase 3 of the scheduled implementation of initial margin requirements.
HK		Final supervisory standards on MRs and RMS for banks issued in December 2016.	Final supervisory standards on MRs and RMS for banks issued by notice in the Gazette under section 7(3) of the Banking Ordinance in January 2017.			In respect of SFC-licensed corporations, plan to issue for public consultation proposed margin requirements for NCCDs of SFC-licensed corporations in Q4 2017.		
IN								
ID								

Timetable for implementing margin requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
JP	Margin requirements (VM and IM) took effect on 1 Sep. 2016. Covered entities belonging to a group whose aggregate notional amount of NCCDs exceeds JPY 420 trillion are subject to the IM and VM requirements.		From 1 Mar. 2017 all covered entities are subject to the VM requirements.		From 1 Sep. 2017 covered entities belonging to a group whose aggregate notional amount of NCCDs exceeds JPY 315 trillion will be subject to the IM requirements.			From 1 Sep. 2018 covered entities belonging to a group whose aggregate notional amount of NCCDs exceeds JPY 210 trillion will be subject to the IM requirements.
KR	TF working for consultation paper	Margin requirements for NCCDs has been published for public consultation.	Margin requirements for NCCDs in force on 1 Mar. 2017	VM: From 1 Mar. 2017, requirements apply to financial companies above KRW 10 trillion. Six month transition period 1 Mar. 2017 to 1 Sep. 2017.	IM: Requirements commence 1 Sep. 2017 for financial companies above KRW 3 quadrillion. VM: Requirements apply to financial companies above KRW 3 trillion. Six month transition period 1 Sep. 2017 to 1 Mar. 2018.	-	IM: Continued phase-in of requirements in the line with BCBS-IOSCO Implementation timetable. VM: Requirements apply to financial companies above KRW 3 trillion.	IM: Continued phase-in of requirements in the line with BCBS-IOSCO Implementation timetable. VM: Requirements apply to financial companies above KRW 3 trillion.
MX					A proposal for incorporating margin requirements is expected to be distributed for consultation among main stakeholders	A proposal for incorporating margin requirements is expected to be distributed for consultation among main stakeholders	Final rules expected to be published. Adoption would follow a phase-in period.	Requirement expected to become enforceable.
RU				Public consultations with market participants have started.				Phase-in requirements from 1 July 2018, depending on the category of financial market participants and the threshold values based on the volume of transactions
SA								

Timetable for implementing margin requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
SG		Expected release of final guidelines on margin requirements for NCCDs.	Guidelines on margin requirements for NCCDs in force on 1 Mar 2017					
ZA	The Draft OTC Regulations and Registrar's Board Notice which have been published for public comment, are aimed at addressing Margin Requirements for NCCDs.			It is expected that the legislative framework will be in force and standards and requirement for margins to be adopted	Legislative framework is in force. Standards and requirements are in force for all transactions			
CH	Margin requirements phase-in extended.		Margin requirements phase-in.		Margin requirements phase-in. ⁶⁵			
TR	The work in progress for which OTC product to require margin requirements for intermediary institutions (brokerage houses).							Margin requirements with respect to at least some transactions are expected to be published for public consultation or proposal.

⁶⁵ For further information, see FINMA Supervisory Guidance 1/2017, <https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/4dokumentation/finma-aufsichtsmittelungen/20170131-finma-aufsichtsmittelung-01-2017.pdf?la=en>. Also note, an amendment of the Financial Market Infrastructure Ordinance is currently pending. This amendment is expected to enter into force in H2 2017.

Timetable for implementing margin requirements for non-centrally cleared derivatives, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
US	CFTC and Prudential Regulators: Phase in of the initial and variation margin requirements for non-cleared derivatives began 1 September 2016.		CFTC and Prudential Regulators: Variation margin requirements 1 March 2017. The Prudential Regulators: Issued guidance with respect to a covered swap entity's compliance efforts with the 1 March 2017 variation margin deadline. <i>See</i> Joint Press Release, Agencies Release Swap Margin Guidance (23 Feb., 2017). CFTC: No-action relief to 1 September 2017 to comply with the variation margin requirements for swaps that are subject to the 1 March 2017 compliance date.		CFTC and Prudential Regulators: Phase 2 of the scheduled implementation of initial margin requirements begins on 1 September 2017.			CFTC and Prudential Regulators: Phase 3 of the scheduled implementation of initial margin requirements effective as of 1 September 2018.

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

Appendix F: Implementation timetable: execution of standardised transactions on exchanges or electronic platforms, where appropriate

Timetable for implementation of commitment for execution of standardised transactions on exchanges or electronic trading platforms, where appropriate, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
AR								
AU					Undertake a further assessment of the case for a platform trading made applying the assessment framework published in 2015.	Undertake a further assessment of the case for a platform trading made applying the assessment framework published in 2015.		
BR						Regarding Exchanges / Organised platform trading, CVM intends to have a set of rules for public consultation at the end of 2017.		
CA					Provincial securities regulators expect to release rule for public comment.			
CN	All standardized OTC derivatives can be traded on electronic trading platforms. Bond forwards and standardized interest rate derivatives are required to trade on CFETS electronic platforms.					Further study on execution of other standardised transactions on CFETS electronic platforms, where appropriate.	1 st round consultation on standardised transactions available for execution.	2 nd round consultation on standardised transactions available for execution.
EU							Expected entry into force of the trading obligation for the first IRS classes and CDS	

Timetable for implementation of commitment for execution of standardised transactions on exchanges or electronic trading platforms, where appropriate, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
HK					Plan to start further study on the liquidity level and number of trading venues available in Hong Kong in order to assess how best to implement mandatory trading in Hong Kong.	Plan to reach conclusion on how best to implement mandatory trading in Hong Kong, and conduct public consultation on trading determination and where appropriate, to introduce the requirement.	Analyse results from public consultation.	Plan to issue consultation conclusions on trading determination and where appropriate, conclusion on introduction of trading requirement.
IN					In order to broaden participation in OTC derivatives and to provide a safe trading environment, it has been announced to put in place a policy framework for authorisation of electronic platforms with linkage to an approved central counterparty for settlement			
ID								
JP								
KR								
MX		Mandatory trading requirements for banks and brokerage firms' transactions with foreign financial institutions and institutional investors came into force as of November 16, 2016.						
RU	Public consultations with market participants.							
SA								

Timetable for implementation of commitment for execution of standardised transactions on exchanges or electronic trading platforms, where appropriate, including descriptions of planned next steps (where provided)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	H1 2018	H2 2018
SG			Legislation passed to provide MAS with the powers to implement a trading mandate, and sets out the standards/criteria for determining when products should be traded on platforms.					
ZA	Legislative framework is in place, but no determination to adopt and enforce trading on platforms.			It is envisioned that the decision will be made whether to require derivatives trades to move to trading platforms.	Ongoing market assessment to determine whether further obligations are required			
CH	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).							
TR	The work in progress for which OTC product to require exchange/platform trading							With respect to at least some transactions, standards for determining when transactions should be platform traded have been published for public consultation or proposal.
US								

For jurisdiction codes see Table A on page 3; for table legend see page 4. Source: FSB member jurisdictions.

Appendix G: TRs and TR-like entities authorised and operating as at end-June 2017

TR name	Location	Jurisdictions in which TR is authorised ^(a) to operate	CO	CR	EQ	FX	IR
TRs							
1. Bloomberg Trade Repository Ltd <i>(new)</i>	UK	EU					
2. BM&F Bovespa	Brazil	BR					
3. BSDR LLC	US	US					
4. CCIL	India	IN					
5. CETIP	Brazil	BR					
6. Chicago Mercantile Exchange Inc.	US	AU, CA, US					
7. CME European Trade Repository	UK	EU					
8. DTCC-DDR	US	AU, CA, US					
9. DTCC Data Repository – Japan	Japan	AU, JP					
10. DTCC-DDRL	UK	AU, EU					
11. DTCC Data Repository – Singapore	Singapore	AU, SG					
12. HKMA-TR	Hong Kong	AU, HK					
13. ICE Trade Vault	US	CA, US					
14. ICE Trade Vault Europe	UK	EU					
15. KDPW Trade Repository	Poland	EU					
16. Korea Exchange (KRX)	Korea	KR					
17. CJSC National Settlement Depository (NSD)	Russia	RU					
18. REGIS-TR	Luxembourg	EU, CH <i>(new)</i>					
19. OJSC “Saint-Petersburg Exchange” (SPBEX)	Russia	RU					
20. SAMA TR	Saudi Arabia	SA					
21. UnaVista	UK	AU, EU					
22. SIX Trade Repository AG <i>(new)</i>	Switzerland	CH					
Sub-total			18	20	18	21	22
TR-like entities							
23. Argentina Clearing	Argentina	AR					
24. Banco de México	Mexico	MX					
25. Bank Indonesia	Indonesia	ID					
26. Bank of Korea	Korea	KR					
27. Bolsas y Mercados Argentinos	Argentina	AR					
28. CFETS	China	CN					
29. China Securities Internet System	China	CN					
30. Financial Supervisory Service	Korea	KR					
31. Mercado a Término de Buenos Aires	Argentina	AR					
32. Mercado Abierto Electrónico	Argentina	AR					
33. Mercado Argentino de Valores	Argentina	AR					
34. ROFEX	Argentina	AR					
Sub-total			7	5	8	9	7
Total: TRs and TR-like entities			25	25	26	30	29

CO = commodity, CR = credit, EQ = equity, FX = foreign exchange, IR = interest rate. For jurisdiction codes see Table A on page 3. *(new)* denotes new entry in table since 11th progress report. Sources: FSB member jurisdictions; various TRs. (a) Figures for Australia include prescribed TRs, which can only be used by foreign reporting entities in certain circumstances.

Appendix H: OTC derivatives CCPs authorised and operating in FSB member jurisdictions

Table N

Cross-border availability of CCPs by asset class As at end-March 2017

CCP name	Location	Jurisdictions in which CCP is authorised to operate ^(a)	CO	CR	EQ	FX	IR
1. Asigna	Mexico	MX					1
2. ASX Clear	Australia	AU; EU			2		
3. ASX Clear (Futures)	Australia	AU; EU; US					3
4. BM&F BOVESPA	Brazil	BR	1	1	1	1	1
5. BME Clearing	Spain	EU					1
6. CDCC	Canada	CA; EU			2		
7. CJSC JSCB National Clearing Centre	Russia	RU					1
8. Clearing Corporation of India Ltd (CCIL)	India	EU; IN		1		2	2
9. CME Clearing Europe	UK	AU; CA; EU; US	3				4
10. CME Group Inc.	US	AU; CA; EU; HK (new); JP (new); MX; SG; US	4	4	1	3	8
11. European Commodity Clearing	Germany	EU	1				
12. Eurex Clearing	Germany	AU; EU; CH; US					4
13. ICE Clear Credit LLC.	US	CA; EU; US	1	3		1	1
14. ICE Clear Europe Ltd.	UK	EU; US	1	2		1	1
15. ICE Clear Netherlands	The Netherlands	EU			1		
16. Indonesia Clearing House	Indonesia	IN (new)	1				
17. JSCC	Japan	AU; EU; HK (new); JP; US		2			5
18. KDPW CCP	Poland	EU					1
19. Kliring Berjangka Indonesia	Indonesia	IN (new)	1				
20. Korea Exchange	Korea	EU; KR; JP; US					4
21. LCH.Clearnet LLC	US	CA; US					2
22. LCH.Clearnet Ltd	UK	AU; CA; EU; HK (new); JP; SG; CH; US	5	1	3	6	8
23. LCH.Clearnet SA	France	EU; US		2			
24. LME Clear Ltd	UK	EU	1				
25. Nasdaq OMX Stockholm	Sweden	AU; EU	1		1		2
26. Natural Gas Exchange	Canada	CA; EU; US	3				
27. OCC	US	CA; EU; US	1		3		
28. OMI Clear	Portugal	EU	1				
29. OTC Clearing Hong Kong Limited	Hong Kong	AU; EU; HK; US				3	4

Table N
Cross-border availability of CCPs by asset class
As at end-March 2017

CCP name	Location	Jurisdictions in which CCP is authorised to operate ^(a)	CO	CR	EQ	FX	IR
30. SGX Derivatives Clearing Limited	Singapore	EU; SG; US	3		1	3	3
31. Shanghai Clearing House	China	CN	1			1	1
32. SIX x-clear AG	Switzerland ^(b)	EU (new)			1		
Total CCPs currently in operation in asset class			16	8	10	9	20

(a) As at end-June 2017. Includes cases where an application or exemption request is pending or under consideration in indicated jurisdiction. In some cases authorisation in a particular jurisdiction is only for a subset of products, and/or for only direct participation or only client clearing. For Australia, includes CCPs in respect of which a prescription is in place; such CCPs are only authorised to be used to satisfy Australian mandatory central clearing obligations in certain circumstances. The EU is treated as one FSB jurisdiction for these purposes. (b) Although located in Switzerland, SIX x-clear AG does not clear OTC derivatives in any asset class in Switzerland. X indicates number of jurisdictions for which indicated CCP is authorised and operating for that asset class. (new) indicates change in authorisation status since June 2016. CO = commodity, CR = credit, EQ = equity, FX = foreign exchange, IR = interest rate.

For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

Table O
Cross-border availability of CCPs by asset class
As at end-March 2017

Number of jurisdictions	Commodity	Credit	Equity	FX	Interest rate
1 jurisdiction	11	3	6	3	7
2 jurisdictions	0	3	2	1	3
3 jurisdictions	3	1	2	3	2
4 jurisdictions	1	1			4
5 jurisdictions	1				1
6 jurisdictions				1	
7 jurisdictions					
8 jurisdictions					2

The figure in each cell is the number of individual CCPs clearing at least some OTC derivatives sub-products in given asset class that are concurrently authorised or pending authorisation (or have a temporary exemption from authorisation requirements) to offer direct and/or indirect clearing services in the indicated number of jurisdictions. No CCP is currently available in more than 8 jurisdictions in a given asset class. The EU is treated as one FSB jurisdiction for these purposes.
Source: FSB member jurisdictions.

Appendix J: Participant scope of jurisdictions' mandatory central clearing requirements

FSB member jurisdictions, as at end-June 2017

Jurisdiction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
AR		
AU	<p><i>In force:</i></p> <ul style="list-style-type: none"> • OTC derivatives dealers/market-makers 	<p><i>Permanent exemptions:</i></p> <ul style="list-style-type: none"> • Intragroup transactions • Portfolio compression trades
BR	<p><i>Planned/proposed:</i></p> <p>If necessary, according to the results of the systemic risk analysis, the scope of any planned mandatory clearing of OTCD would include all financial institutions authorised by the Central Bank of Brazil</p>	
CA	<p><i>In force:</i></p> <ul style="list-style-type: none"> • Federally Regulated Financial Institutions (FRFIs) (i.e. banks, trust and loan companies, insurance companies) • A clearing member of a clearing agency that is recognised or exempted in the local jurisdiction and subscribes for OTC derivatives services • An affiliate of such clearing member whose gross notional amount of outstanding derivatives is above CAD 1 billion. • A local counterparty (including a NFC) whose gross notional amount of outstanding derivatives is above CAD500 billion with its Canadian affiliates 	<p><i>Permanent exemption in place:</i></p> <ul style="list-style-type: none"> • Intragroup derivatives • Transactions resulting from a portfolio compression exercise <p><i>Out of scope:</i></p> <ul style="list-style-type: none"> • A government/central bank • The Bank for International Settlements (BIS) and International Monetary Fund • A Crown corporation or an entity wholly owned by a government that is guaranteed by the government for all or substantially all its liabilities.
CN	<p><i>In force:</i></p> <ul style="list-style-type: none"> • Domestic financial institutions 	<p><i>Out of scope:</i></p> <ul style="list-style-type: none"> • Non-Financial Corporates • Government/central bank

Juris-diction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
EU	<p>Scope:</p> <ul style="list-style-type: none"> • All financial counterparties (FCPs), and NFCs above certain thresholds. <p>In force:</p> <ul style="list-style-type: none"> • Clearing obligation on IRS on G4 currencies for Category 1 counterparties (clearing members of at least one of the classes of OTC interest rate derivatives subject to the clearing obligation). • Clearing obligation on IRS on G4 currencies for Category 2 counterparties (FCPs), and alternative investment funds NFCs which are above or part of a group above the clearing threshold of EUR 8bn (AIF NFCs+). • Clearing obligation on iTraxx CDS for Category 1 counterparties (clearing members of at least one of the classes of OTC credit derivatives subject to the clearing obligation). • Clearing obligation on IRS on certain European Economic Area (EEA) currencies for Category 1 counterparties. <p>In place but not yet applicable:</p> <ul style="list-style-type: none"> • Clearing obligation on iTraxx CDS for Category 2 counterparties (FCPs, and AIF NFCs+ that are above, or part of a group above the EUR 8bn threshold) will become applicable on 9 August 2017. • Clearing obligation on IRS on certain EEA currencies for Category 2 counterparties) will become applicable on 9 August 2017. • For Category 3 counterparties (FCPs and AIF NFCs+ that are below the EUR 8bn threshold), the EC adopted on 16 March 2017 a new compliance date, following a proposal by ESMA. Barring the completion of the three-month objection period by the European Parliament and the Council of the EU, the clearing obligation will now become applicable for these counterparties on 21 June 2019 for G4 currencies, iTraxx CDS and for certain EEA currencies. • For Category 4 counterparties (NFCs+ not included in Categories 1-3), the clearing obligation will become applicable on: - 21 December 2018 for G4 currencies - 9 May 2019 for iTraxx– CDS - 9 August 2019 for certain EEA currencies 	<p>Temporary exemption:</p> <ul style="list-style-type: none"> • Pension scheme arrangements <p>Permanent exemptions:</p> <ul style="list-style-type: none"> • Non-financial counterparties (NFCs) below the clearing threshold <p>NFCs are subject to the clearing obligation where their positions in non-hedging OTC derivatives exceed certain thresholds defined in regulatory technical standards. The thresholds are EUR 1 billion in gross notional value for credit and equity derivatives and EUR 3 billion for interest rate, foreign exchange, and commodity or other derivatives.</p> <ul style="list-style-type: none"> • intragroup transactions that meet certain requirements • OTC derivative contracts concluded with covered bond issuers or cover pools for covered bonds provided they meet certain conditions. • European central banks • the BIS • foreign central banks added to the list in EMIR (currently US and Japan) • government debt management offices

Juris-diction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
HK	<p><i>In place but not yet in force:</i></p> <ul style="list-style-type: none"> • OTC derivatives dealers/market-makers <p>Under Hong Kong’s clearing rules, the mandatory clearing requirement applies to prescribed persons (defined in the clearing rules and which includes certain regulated entities under the SFO and the BO) if their OTC derivatives positions have reached the specified clearing threshold (USD 20 billion) and their counterparty is another prescribed person with positions reaching the clearing threshold of USD 20 billion or a financial services provider as designated in a gazetted list.</p> <p>This means that in effect only dealer-to-dealer transactions are subject to mandatory clearing requirements, and non-financial entities (end users) are not currently covered as they are not prescribed persons which only include regulated financial entities at the moment or financial services provider.</p> <p>The mandatory clearing regime has been in place since September 2016 and relevant OTC derivatives transactions meeting the criteria will be subject to mandatory clearing from 1 July 2017 onwards.</p> <p>The current list of financial services providers includes entities that are (i) clearing members of the largest IRS CCPs in the US, Europe, Japan and Hong Kong as of 4 February 2016, and (ii) group companies of FSB published list of globally systemically important banks and/or dealer groups that undertook to the OTC Derivative Supervisors Group to work collaboratively with CCPs, infrastructure providers and global supervisors to continue to make structural improvements to the global OTC derivatives markets. Our current focus is on dealers which have access to central clearing. In terms of client clearing, we understand from market participants that there is a concern over the general availability of client clearing service providers and their associated costs. We will observe development in this area in order to decide the right timing for expanding the scope of counterparties in this direction.</p>	<p><i>Permanent exemptions:</i></p> <ul style="list-style-type: none"> • Intra-group or inter-affiliate counterparties that fulfil certain conditions • Transactions of a local person’s overseas branches may be exempted where the OTC derivative positions of the specified branches individually and collectively are sufficiently insignificant relative to the person’s OTC derivative positions as a whole. Certain conditions to be fulfilled under the rules. • Trades arising from multilateral compression that fulfil certain conditions under the rules. <p><i>No requirements:</i></p> <ul style="list-style-type: none"> • Domestic government/central bank • Foreign government/central bank/international bodies
IN	<p><i>In force:</i></p> <ul style="list-style-type: none"> • OTC derivatives dealers/market makers/swap dealers (USD-INR interbank forward) 	
ID	<p><i>In force:</i></p> <p>Commodity OTC derivatives products are required to be registered at a clearing house. The requirement applies to all members of the exchange and clearing house.</p>	

Jurisdiction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
JP	<p>Scope: Financial counterparties</p> <p>In force:</p> <ul style="list-style-type: none"> • OTC derivatives dealers /market makers /swap dealers • Non-dealer banks • Insurance companies • Transactions through trust accounts 	<p>Permanent exemptions:</p> <ul style="list-style-type: none"> • Transactions in which either counterparty is not a covered entity • Intra-group/inter-affiliate transactions <p>Out of scope:</p> <ul style="list-style-type: none"> • Non-financial corporates, government, central banks
KR	<p>In force:</p> <ul style="list-style-type: none"> • OTC derivatives dealers, market makers, swap dealers • Non-dealer banks • Insurance companies • Other asset managers <p>Financial investment business entities and foreign financial investment business entities defined under the art. 166-3 of FSCMA.</p> <p>Korea has no threshold which makes an entity outside of mandatory clearing scope.</p>	<p>No requirements:</p> <ul style="list-style-type: none"> • Non-financial corporates, government, central banks, intra-group or inter-affiliate counterparties
MX	<p>In force:</p> <ul style="list-style-type: none"> • Banks and brokerage firms 	<p>Permanent exemptions:</p> <ul style="list-style-type: none"> • Intra-group or inter-affiliate counterparties (subject to certain requirements) • “Small” participants (provided that the notional amount of all their Standardized Derivative Transactions is, for a period of at least three consecutive months within a period of six months, less than or equal to 3.11 billion USD, approx. subject to trade below the minimum threshold. <p>No requirements:</p> <ul style="list-style-type: none"> • Domestic government, foreign government, central banks and international bodies
RU	<p>In place but not yet in force:</p> <ul style="list-style-type: none"> • Category 1 (the requirement for mandatory central clearing will be effective from 1 January 2018) - credit institutions, professional securities market participants licensed for dealer and/or brokerage activities and/or securities management, as well as organisations licensed as a management company for investment funds, unit investment funds, or non-governmental pension funds; • Category 2 (the requirement for mandatory central clearing will be effective from 1 January 2019) - other participants of the OTC derivative market incorporated in the Russian Federation, which are part of the group that overpasses the threshold value of RUB 30 billion on single currency IRS denominated in RUB or any foreign currency. 	
SA		

Juris-diction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
SG	<p><i>In place but not yet in force:</i></p> <ul style="list-style-type: none"> • Financial institutions 	<p><i>Out of scope of requirements:</i></p> <ul style="list-style-type: none"> • Public bodies including all central banks, central governments and supra-national organisations such as BIS, IMF and the World Bank <p><i>No requirements are currently expected:</i></p> <ul style="list-style-type: none"> • financial institutions whose aggregate gross notional amount of total derivatives contracts booked in Singapore does not exceed the clearing threshold amount (SGD20 billion) • non-financial institutions
ZA		
CH	<p><i>In place but not yet in force:</i></p> <ul style="list-style-type: none"> • All financial and NFCs (requirements are in force, but no central clearing determinations have been made until mid-March 2017). 	<p><i>No requirements currently expected:</i></p> <ul style="list-style-type: none"> • Government (confederation, cantons, municipalities), central bank and BIS • Small counterparties (financial and non-financial; threshold based⁶⁶) • Certain intragroup transactions (if requirements fulfilled) • Foreign central banks • ECB, EFSF, ESM, foreign governmental agencies engaged in public debt management
TR		

⁶⁶ <https://www.admin.ch/opc/en/classified-compilation/20152105/index.html>

Jurisdiction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
US	CFTC: <i>In force:</i> <ul style="list-style-type: none"> • Scope: General applicability. 	CFTC: <i>Exemptions/Exceptions:</i> <ul style="list-style-type: none"> • Non-financial entities that use swaps to hedge commercial risk and meet other conditions. • Small banks, savings associations, farm credit system institutions, credit unions that have total assets of \$10 billion or less and meet other conditions. • Captive finance companies that are financing subsidiaries of manufacturers and meet other conditions. • Cooperatives formed under U.S. law that use swaps in connection with loans or to hedge commercial risk and meet other conditions. • Affiliated counterparties that meet specified conditions. • Treasury affiliates that meet specified conditions. • Small bank holding companies or small savings and loan holding companies that have consolidated assets of \$10 billion or less and meet other conditions. • Community development financial institutions that meet specified conditions. • New swaps resulting from multilateral compression exercise if original swap executed prior to applicable 2013 compliance date. • Swaps that are partially novated or terminated and that meet other conditions. • Corporación Andina de Fomento (CAF) (international financial institution). • Foreign governments, foreign central banks (including BIS), and international financial institutions (e.g., the World Bank).

Source: FSB member jurisdictions.

Appendix K: Availability of exchanges and trading platforms for execution of OTC derivatives transactions in FSB member jurisdictions⁶⁷

Argentina

Mercado Abierto Electrónico

Australia

Bloomberg Tradebook: CO, CR, EQ, FX, IR
BGC Brokers LP: CR, IR, FX
BrokerTech Europe Limited: FX
CReX Brokerage LLP: CR
Currenex: CO, FX
EBS Service Company Limited: FX
EquiLend LLC: EQ
GFI Brokers: FX, CR
GFI Swaps Exchange LLC: CR, IR, FX
GFI Group Pte Ltd: IR, CO, FX, EQ
ICAP Brokers: CR, IR
ICAP Europe: FX
ICAP Securities: CR, IR
Integral Development Corp: FX
Mercari Pty Ltd: CO, FX, IR
Reuters Transaction Services: CO, FX, IR
State Street Bank & Trust Company: FX
TFS-ICAP Ltd: FX
TradeWeb Europe Limited: CR, EQ, IR
Tullet Prebon (Singapore) Limited: FX, CO
Tullet Prebon (Australia) Limited: CR, IR, FX
Yieldbroker Pty Ltd: IR, CR
360 Treasury Systems: FX, IR
Tri-Optima AB Sweden: CR, IR, FX

Canada

BGC Derivatives Markets, L.P.
Bloomberg SEF LLC
GFI Swaps Exchange LLC
ICAP SEF (US) LLC
ICAP Global Derivatives Ltd.
ICE Swap Trade LLC
INFX SEF Inc.
Javelin SEF LLC
LatAm SEF LLC
MarketAxess SEF Corporation
SwapEx LLC
Tera Exchange LLC
Thomson Reuters (SEF) LLC
tp SEF Inc.
Tradition SEF, Inc.
TW SEF LLC
360 Trading Networks, Inc.

China

China Foreign Exchange Trade System – IR, FX, CR

EU⁶⁸

A list of regulated markets in the EU can be found here:
https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_rma

A list of MTFs in the EU can be found here:
https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_mtf

France

Euronext is licensed to offer services EQ derivative and CO derivatives.

Powernext is also licenced to offer services on natural gas derivatives.

Germany

Chicago Mercantile Exchange (CME) - CO, IR, CR
Chicago Board of Trade (CBOT) - CO, IR, CR
360 Treasury Systems - FX

Italy

Chicago Mercantile Exchange, Inc.,
New York Mercantile Exchange – NYMEX,
CO Exchange - COMEX

Spain

MEFF

UK

UK BGC Brokers LP – IR, FX, CR
Baltex Freight Derivatives Market – CO
Bloomberg Trading Facility Limited – IR, CR, FX, CO
GFI CreditMatch – CR
GFI ForexMatch – FX
GFI EnergyMatch – CO
GFI RatesMatch – IR
ICAP Global Derivatives Limited – IR
ICAP Europe MTF – IR
ICAP Energy MTF – CO
ICAP Securities – CR
ISWAP Euro Limited – IR
MarketAxess Europe Limited – IR
NEX SEF Ltd - FX
Reuters Transaction Services Limited – FX
SpectronLive Trayport – CO

⁶⁷ Source: FSB member jurisdictions.

⁶⁸ The G20 commitment that “All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate” will be implemented in the EU via MiFID II / MiFIR (adopted in May 2014), due to come into application on 3 January 2018.

TPEnergy - Tullett Prebon (Europe) Limited – CO
TPTradeBlade - Tullett Prebon (Europe) Limited – FX
Tradition Energy – CO VolBroker – FX
TPCRDeal - Tullett Prebon (Securities) Limited – CR
TPForwardDeal - Tullett Prebon (Europe) Limited – FX
TPSwapDeal - Tullett Prebon (Europe) Limited – IR
Trad-X – IR Tradeweb/The Tradeweb System – IR
TPEnergyTrade - Tullett Prebon (Europe) Limited – CO

India

Anonymous System for Trading in Rupee OTC Interest Rate Derivatives (ASTROID)

Japan

Bloomberg Tradebook Japan Limited
Tradeweb Europe Ltd. (Tokyo branch)
BGC Capital Markets, LLC. (Tokyo branch)
Ueda Tradition Securities Ltd.
Totan ICAP Co., Ltd.
Tullett Prebon ETP (Japan) Limited
Clear Markets Japan, Inc.

Mexico

Mexico Enlace Int,
S.A. de C.V. Remate Lince,
S.A. de C.V. SIF Icap,
S.A. de C.V. Tradition Services,
S.A. de C.V. GFI Group México,
S.A. de C.V. Mercado Electrónico Institucional,
S.A. de C.V. Tullett Prebon México, S.A. de C.V.

Russia

Moscow Exchange MICEX-RTS (MOEX)

Switzerland

Eurex Zürich AG⁶⁹

US

Permanent Registration

Bloomberg SEF LLC (IR, CR, FX, CO)
DW SEF LLC (IR, EQ)
TW SEF LLC (IR, CR)
trueEx LLC (IR)
MarketAxess SEF Corporation (CR)
GFI Swaps Exchange LLC (IR, CR, FX, EQ, commodities)
SwapEx LLC (FX)
Javelin SEF, LLC (IR)
ICE Swap Trade LLC (CR, CO)
tpSEF Inc. (IR, CR, FX, EQ, CO)
360 Trading Networks, Inc. (FX)
ICAP SEF (US)
LLC (IR, CR, FX, EQ, CO)
BGC Derivatives Markets, L.P. (IR, CR, FX, EQ, CO)
Thomson Reuters (SEF) LLC (FX)
Tradition SEF, Inc. (IR, CR, FX, EQ, CO)
Chicago Mercantile Exchange, Inc. (CO)
LatAm SEF, LLC (FX)
ICAP Global Derivatives Limited (IR)
TeraExchange LLC (IR, CR, FX)
GTX SEF LLC (FX)
Clear Markets North America, Inc. (IR)
FTSEF LLC (FX)
Seed SEF LLC (expected to list commodities swaps)
LedgerX LLC (expected to list commodities swaps)

Temporary Registration or No-action relief

NEX SEF Limited (expected to list FX)

The CFTC has also granted conditional relief to Yieldbroker Pty Limited (expected to list FX)⁷⁰

⁶⁹ Eurex Zürich AG is the only FINMA licensed Swiss exchange operator offering execution services for derivatives. However, there is no specific authorisation for trading derivatives on a trading platform.

Several foreign trading platforms obtained recognition from FINMA to grant access for Swiss participants. A complete list can be found on the following link: <https://www.finma.ch/en/~media/finma/dokumente/bewilligungstraeger/pdf/bourses.pdf?la=en>
The legal framework provided by FMIA introduces requirements and new terminology for trading venues (exchanges and multilateral trading facilities). Operators of such trading venues reapplied for recognition under the FMIA by end of 2016.

⁷⁰ The responses provided above apply only to DCMs and SEFs that are subject to the jurisdiction of the CFTC. Although the Dodd-Frank Act requires certain security-based swaps to be traded on either an exchange or a SB SEF, the SEC has issued a general exemption from complying with these requirements until the SEC adopts and implements rules governing the registration and compliance requirements for SB SEFs.

The SEC does not require the markets relying on this exemption to provide notice of their intent to do so; therefore the SEC does not have a list of the trading platforms that are currently trading security-based swaps under this exemption. Trading Platforms that trade security-based swaps currently operate pursuant to this exemption.

Appendix L: Broad legal capacity to apply deference within OTC derivatives regulatory framework

Selected regulatory requirements, FSB member jurisdictions, as at end-June 2017

		Trade reporting		Central clearing and non-centrally cleared transactions			Exchange/platform trading	
		Regulatory regime for TRs	Reporting requirements	Regulatory regime for CCPs	Central clearing requirements	Margin requirements	Regulatory regime for exchanges/platforms	Trading requirements
AR								
AU								
BR								
CA								
CN								
EU	FR							
	DE							
	IT							
	NL							
	ES							
	UK							
HK						(new)		
IN								
ID								
JP								
KR								
MX								
RU			#		#	#		#
SA								
SG								#
ZA		#	#	#	#	#	#	#
CH								
TR								
US		SEC	CFTC SEC	CFTC SEC	CFTC SEC#	CFTC SEC#	CFTC SEC#	CFTC SEC#

■ indicates legal capacity to apply deference was in force at end-June 2017 # indicates reforms in progress to establish legal capacity to apply deference. (new) indicates new entry since eleventh progress report. For jurisdiction codes see Table A on page 3. Source: FSB member jurisdictions.

Appendix M: International regulatory workstreams

ONGOING WORK⁷¹

Issue	Action	Responsible	Status
Data Harmonisation	<p>CPMI and IOSCO: further develop and implement a uniform global UTI and UPI; and develop global guidance on harmonisation of data elements other than the UTI and UPI that are reported to TRs and are important to aggregation by authorities.</p> <p>FSB: Develop recommendations for governance of UTI and UPI.</p>	CPMI and IOSCO FSB	<p>UTI consultative report published in August 2015; UTI technical guidance published in February 2017.</p> <p>UPI first consultative report published in December 2015; a second consultative report on the UPI was published in August 2016; UPI technical guidance is planned to be published by mid-2017.</p> <p>Consultative report on harmonisation of a first batch of data elements other than UTI and UPI published in June 2016; consultative report on a second batch published in October 2016; consultative report on a third batch will be published around end-2017; final guidance on other critical data elements is planned to be published in early 2018.</p> <p>FSB consultative report on governance arrangements for the UTI published March 2017.</p>
CCP resilience and recovery	Evaluate the existing standards on CCP financial resilience and recovery and consider the need for, and develop as appropriate, further granularity or guidance.	CPMI and IOSCO	Ongoing work: Consultative guidance published in August 2016
CCP resolution	Consider the need for, and develop as appropriate, standards or guidance for CCP resolution planning, resolution strategies and resolution tools, including resolution financing as well as cross-border cooperation, coordination and recognition of resolution actions.	FSB (Resolution Steering Group)	<p>High-level discussion note on CCP resolution published for consultation in August 2016</p> <p>Consultation document published February 2017</p> <p>Guidance expected to be published July 2017</p>
Margin requirements for non-centrally-cleared derivatives	Exchange of initial and variation margin by financial firms and systemically important non-financial entities that engage in NCCDs	IOSCO and BCBS	<p>September 2013 report updated in March 2015 with final implementation schedule.</p> <p>BCBS and IOSCO continue to monitor the consistent implementation of margin requirements for NCCDs, and are liaising with industry as they develop initial margin models to comply with the WGMR framework.</p>
Incentives to centrally clear	Review of incentives to central clearing of OTC derivatives	ODCG	Commence mid 2017; report by Argentine G20 Summit (expected H2 2018).

⁷¹ See elsewhere in this report, particularly Sections 2.5.4 and 3.6, for more details of some of these workstreams. See Appendix L in the eleventh progress report for a list of completed work as at end-June 2016. Since the eleventh progress report, the standardisation (benchmarking) workstream of the OTC Derivatives Supervisors Group (ODSG) came to an end with final sets of populated standardisation matrices for 4 asset classes received for Q3 and Q2016.

ONGOING WORK⁷¹

Issue	Action	Responsible	Status
Monitoring of implementation of the PFMI	Ongoing programme to monitor implementation of the PFMI including a series of 'Level 2' peer reviews to assess whether the content of the legal and regulatory framework in individual jurisdictions is consistent with the PFMI.	CPMI and IOSCO	Ongoing
Market Wide Recommendation (MWR) review	Recommendations targeted at payment, securities or derivatives market participants more widely than an individual FMI	CPMI and IOSCO	Phased approach according to priority, work starting in H2 2017.
Uses of TR data	ODRF created a technical working group to work on how TR data is used. This includes any issues in using current data for analysis.	ODRF	No timetable set; work ongoing.
Trade Reporting	Follow-up to the thematic peer review report published on trade reporting	FSB	FSB published a report in August 2016 on actions reported by jurisdictions to address barriers to reporting to TRs, and access by authorities to TR-held data. The FSB published a follow-up report in June 2017.

Appendix N: List of abbreviations and acronyms

APRA	Australian Prudential Regulation Authority	IOSCO	International Organization of Securities Commissions
BCBS	Basel Committee on Banking Supervision	IRS	interest rate swap
BIS	Bank for International Settlements	jurisdiction	See footnote 4.
CCP	central counterparty	LEI	legal entity identifier
CFTC	US Commodity Futures Trading Commission	LEI ROC	LEI Regulatory Oversight Committee
CGFS	Committee on the Global Financial System	LOU	Local operating unit
covered entity	financial firms and systemically important non-financial entities (as defined in the BCBS–IOSCO standards for margin requirements for NCCDs)	MiFID II/ MiFIR	EU Markets in Financial Instruments Directive/Regulation
CPMI	Committee on Payments and Market Infrastructures	NCCD	non-centrally cleared derivative
DAT	Derivatives Assessment Team, established by chairs of BCBS, CGFS, CPMI, FSB, IOSCO and ODRG	NDF	non-deliverable forward
EC	European Commission	NFC	non-financial counterparty
EEA	European Economic Area	ODRF	OTC Derivatives Regulators’ Forum
ESMA	European Securities Markets Authority	ODRG	OTC Derivatives Regulators Group
FBB	foreign bank branch	ODSG	OTC Derivatives Supervisors Group
FCP	financial counterparty	OIS	overnight indexed swap
FMI	financial market infrastructure	OSFI	Canadian Office of the Superintendent of Financial Institutions
FRA	forward rate agreement	OTC	over-the-counter
FRFI	federally-regulated financial institution	PFMI	CPMI-IOSCO <i>Principles for Financial Market Infrastructures</i>
FSB	Financial Stability Board	SDR	swap data repository
FX	foreign exchange	SEC	US Securities and Exchange Commission
GLEIF	Global LEI Foundation	TR	Trade repository; for “TR-like entity” see footnote 14.
GLEIS	Global LEI System	UPI	Unique Product Identifier
in force	See footnote 8.	UTI	Unique Transaction Identifier
		WGMR	BCBS–IOSCO Working Group on Margin Requirements

Appendix O: Members of the OTC Derivatives Working Group

Co-Chairs	Brian Bussey (representing IOSCO) Associate Director for Derivatives Policy and Trading Practices Division of Trading and Markets Securities and Exchange Commission
	Caren Cox (representing CPMI) Officer Federal Reserve Bank of New York
	Patrick Pearson Head of Unit, DG FISMA European Commission
Australia	Oliver Harvey Senior Executive Leader, Markets Australian Securities and Investments Commission
Brazil	Leonardo P Gomes Pereira Chairperson Comissão de Valores Mobiliários (CVM)
Canada	Ian Christensen Senior Director, Financial Markets Department Bank of Canada
China	Gao Fei Director, Bonds Markets Supervision Division People's Bank of China
	Wang Xueqian Principal China Securities Regulatory Commission
France	Carole Uzan Deputy Head, Markets and Intermediaries Policy Division Autorité des marchés financiers (AMF)
Germany	Christian Sigmundt Head of Unit WA 26, Securities Supervision Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
	Martin Ockler Senior Executive Officer, Financial Stability Department Deutsche Bundesbank

Hong Kong	<p>Kevin Cheng Head of Financial Stability Surveillance Division Monetary Management Department Hong Kong Monetary Authority</p> <p>Daphne Doo Senior Director, Supervision of Markets Division Securities and Futures Commission</p>
Japan	<p>Takuo Komori Deputy Commissioner, International Affairs Financial Services Agency</p>
Korea	<p>Jung-Tae Park Head of Derivatives Monitoring Team, Capital Market Supervision Financial Supervisory Service</p>
Saudi Arabia	<p>Mohamed Wehliye Hussein Advisor, General Directorate of Banking Control Saudi Arabian Monetary Authority</p>
Singapore	<p>Ken Nagatsuka Deputy Director, Markets Policy and Infrastructure Department Monetary Authority of Singapore</p>
South Africa	<p>Roy Havemann Chief Director, Financial Markets and Stability National Treasury</p>
Switzerland	<p>Arie Gerszt Deputy Head of Section, International Finance and Financial Stability Swiss Federal Department of Finance (FDF) State Secretariat for International Finance (SIF)</p>
Turkey	<p>Ayça Özer Senior Expert, Investment Services Department Capital Markets Board of Turkey (SPK)</p>
UK	<p>Daniela Bunea CCP Policy Analyst, Financial Market Infrastructure Bank of England</p> <p>Anne-Laure Condat Technical Specialist, Derivatives Reform Financial Conduct Authority</p>

US	<p>Warren Gorlick Director, Office of International Affairs Commodity Futures Trading Commission</p> <p>Kim Allen Senior Special Counsel, Office of Derivatives Policy Securities and Exchange Commission</p> <p>Erik Heitfield Assistant Director, Research and Statistics Federal Reserve Board of Governors</p>
ECB	<p>Klaus Loeber Senior Adviser, DG Market Infrastructure and Payments</p>
IMF	<p>Eija Holttinen Senior Financial Sector Expert, Financial Supervision and Regulation Monetary and Capital Markets Department</p>
BCBS	<p>Scott Nagel Member of Secretariat</p>
CPMI	<p>Morten Bech Head of Secretariat</p>
IOSCO	<p>Paul Andrews Secretary General</p>
FSB Secretariat	<p>Rupert Thorne Deputy to the Secretary General</p> <p>Ashish Kumbhat Member of Secretariat</p> <p>Laurence White Member of Secretariat</p>