

## Press release

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Ref no. 21/2014

8 April 2014

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### Financial Stability Board publishes reports on implementation of OTC derivatives market reforms

The Financial Stability Board (FSB) published today the [seventh of the FSB's semi-annual progress reports](#) on implementation of OTC derivatives market reforms.

G20 Leaders agreed in 2009 to a comprehensive reform agenda for these markets, to improve transparency, mitigate systemic risk, and protect against market abuse.

To achieve these objectives, the G20 has agreed that:

- all OTC derivatives contracts should be reported to trade repositories (TRs);
- all standardised contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties (CCPs);
- non-centrally cleared contracts should be subject to higher capital requirements and minimum margining requirements should be developed.

The report published today finds that substantial progress has been made toward meeting the G20 commitments, through international policy development, jurisdictions' adoption of legislation and regulation, and expansion in the use of market infrastructure.

- **Jurisdictions' implementation of reforms:** More than three-quarters of FSB member jurisdictions have regulations in place to require transactions to be reported to trade repositories. Frameworks for central clearing requirements are in place in jurisdictions with the largest derivatives markets, with some specific mandatory clearing rules now in effect. Although legislative frameworks are in place to support increased use of exchanges and trading platforms for OTC derivatives contracts, where appropriate, there continues to be differences across jurisdictions in their approaches and timing of implementation in this reform area.
- **International standards:** Key international policy standards have already been finalised in most commitment areas and work on the few remaining standards is on track to be finalised by end-2014 or earlier; these include capitalisation of banks' central counterparty exposures, recovery and resolution of financial market infrastructures and risk mitigation standards for non-centrally cleared derivatives.

- Effective implementation of reform will need satisfactory resolution of cross-border regulatory issues. A group of regulators from a number of large OTC derivatives markets (the OTC Derivatives Regulators Group) have reached additional understandings to improve the **cross-border implementation** of OTC derivatives reforms.

The report also discusses areas where further work is needed to complete the reforms and achieve the G20 objectives, including for authorities to:

- put in place their remaining legislation and regulation promptly and in a form flexible enough to respond to issues of cross-border consistency and other issues that may arise;
- provide clarity on their processes for making equivalency or comparability decisions (including whether additional authority may be needed to defer to other jurisdictions' regimes, where appropriate) – the FSB will report to the G20 by September on jurisdictions' frameworks in this regard; and
- continue to closely coordinate and cooperate as needed to promptly seek to resolve cross-border regulatory issues when they are identified.

The FSB will continue to monitor jurisdictions' implementation of the OTC derivatives reform programme, as well as the extent to which the implemented reforms meet the G20's underlying goals of improving transparency, mitigating systemic risk, and protecting against market abuse. The FSB will publish its next progress report ahead of the November G20 Leaders' Summit.

The FSB welcomes feedback from the public on this report. Feedback should be submitted by 8 May 2014 by e-mail ([fsb@bis.org](mailto:fsb@bis.org)) or post (Secretariat of the Financial Stability Board, c/o Bank for International Settlements, CH-4002, Basel, Switzerland). Feedback will be posted on the FSB website unless respondents request otherwise.

### **Notes to editors**

In October 2010 the FSB published [21 recommendations for implementing the G20 commitments](#). The [first FSB progress report](#) on implementation was published in April 2011, the [second FSB progress report](#) in October 2011, the [third progress report](#) in June 2012, the [fourth progress report](#) in October 2012, the [fifth progress report](#) in April 2013, and the [sixth progress report](#) in September 2013.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard-setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, [www.financialstabilityboard.org](http://www.financialstabilityboard.org).