

OTC Derivatives Market Reforms

Seventh Progress Report on Implementation

8 April 2014

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Seventh Progress Report on Implementation

1. Executive Summary

There has been continued progress in the implementation of OTC derivatives market reforms. Key international policy standards have been finalised in most commitment areas and work on the remaining standards is on track to be finalised by the November 2014 G20 Leaders Summit. Most jurisdictions have completed necessary reforms to legislative frameworks and are developing or bringing into force detailed rules where required.¹ **Figure 1.1** provides a summary of the state of regulatory reform progress across FSB member jurisdictions, including anticipated developments over the course of 2014. Market participants' use of centralised infrastructure continues to increase.

Within this overall picture of progress, unevenness remains with respect to particular commitment areas. Overall, there are clear signs of progress in the implementation of trade reporting, capital requirements, and central clearing. Jurisdictions generally report that they expect to start the process for legislative and regulatory implementation of margin requirements in late 2014 or early 2015, consistent with BCBS-IOSCO standards. Implementation of reforms to promote trading on exchanges or electronic trading platforms, however, is taking longer. **Section 2** and **Appendices A to E** provide more detail on jurisdictional progress in each commitment area. With many authorities making progress in implementation for most of the commitment areas, some practical implementation issues have been identified which are discussed further in **Section 3**.

Summarising developments across the various commitment areas:

Trade reporting

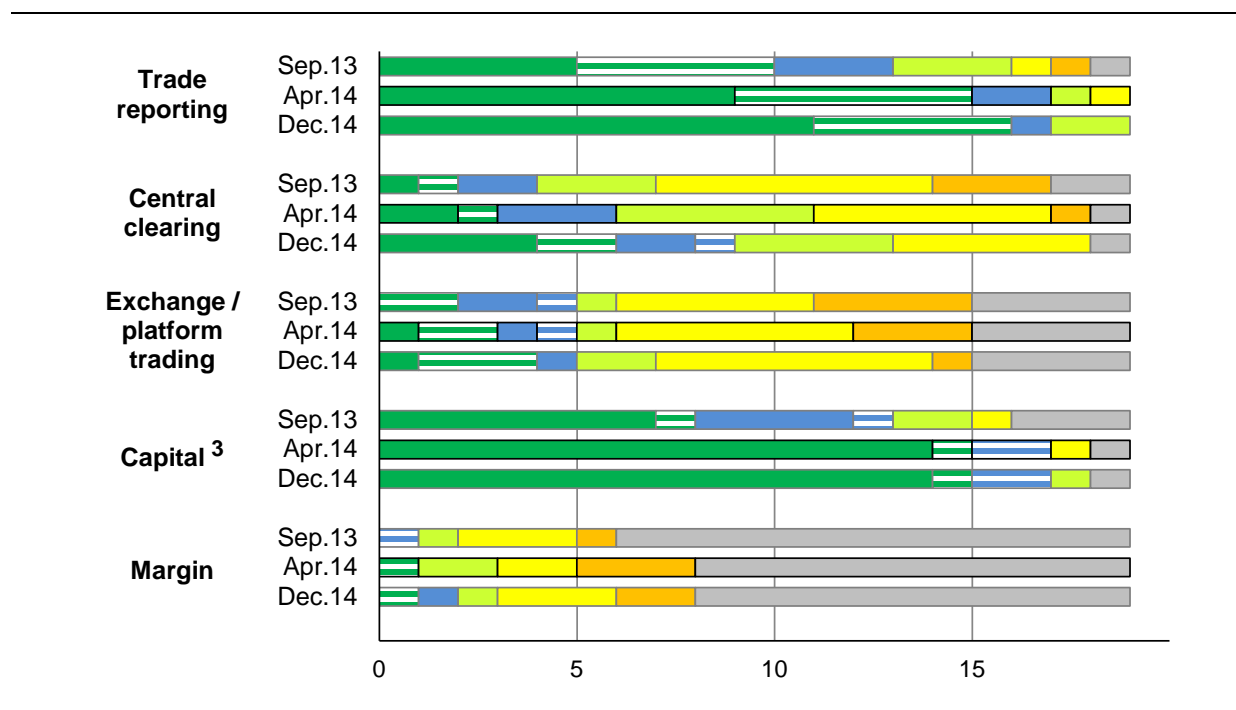
- As at April 2014 the majority (15) of FSB member jurisdictions have trade reporting requirements in effect for one or more product and participant types, though specific reporting requirements currently vary across jurisdictions. By end-2014 all but three jurisdictions are expected to have trade reporting requirements in effect. Trade repositories are available across all asset classes, and as at April 2014 have been permitted² to receive transaction reports in 13 FSB member jurisdictions. Twenty-five TRs are either currently or plan to be operational.

¹ Throughout this report, references to FSB member jurisdictions treat European Union member states (France, Germany, Italy, The Netherlands, Spain and the United Kingdom) as one jurisdiction, given that relevant regulatory reforms are generally being applied at an EU-wide level. In some instances, however, this report refers to 'countries' or otherwise specifies particular EU member states to indicate where there may be differences across EU member states and where individual countries need to be counted separately.

² Authorities use different terms to describe the regulatory status of entities operating in their jurisdictions. For purposes of this report, 'permitted' 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, 'permission' or 'permitted' as used in this report is meant to include any and all of these possibilities.

Figure 1.1
Regulatory Reform Progress¹

Status across all 19 FSB member jurisdictions²



■ Requirements effective
 ■ Requirements partially effective/being phased in
 ■ Legislative framework adopted (or not applicable), implementing rules adopted
 ■ Legislative framework adopted (or not applicable), implementing rules partially adopted
 ■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed
 ■ Legislative framework adopted (or not applicable), no progress in implementing rules
 ■ Legislative/regulatory steps not planned

¹ Reforms to legislative and regulatory frameworks; Aug.13 is status as provided for September 2013 progress report (there has been some change in categories between reports); Apr.14 is status as at publication of this report; Dec.14 is jurisdictions' anticipated status at that date based on current information. ² EU member states counted as one jurisdiction (see footnote 1 of this report). ³ Adoption of Basel III standards where finalised.

Source: FSB member jurisdictions.

- Alongside progress in implementation of reporting requirements, authorities continue, however, to report challenges regarding the usability of and access to data held by trade repositories. Authorities have stressed the importance of greater standardisation in transaction reporting; this has been noted in the ongoing FSB feasibility study on aggregation of data across trade repositories.

Central clearing

- As at April 2014, three jurisdictions report having some central clearing requirements in effect; this is expected to increase to six jurisdictions by the end of 2014. A further three jurisdictions expect to have some central clearing requirements adopted but not yet effective, and an additional four jurisdictions expect to be in the process of consulting on or proposing such requirements by the end of 2014.

- Few CCPs are currently permitted to operate in more than one or two jurisdictions, which poses challenges to the wider global uptake of central clearing, in particular for participants engaged in cross-border transactions. Where a CCP is not permitted to operate in the jurisdictions associated with a cross-border trade, there are barriers to participants meeting their clearing obligations as either direct clearing members or, in some instances, as clients of direct clearing members. Authorities' steps to permit foreign-based CCPs to provide services in their jurisdiction and to their market participants are therefore a key mechanism in maintaining cross-border market activity.
- For key OTC derivatives markets where CCPs are available – namely interest rates and credit – use by market participants is increasing. There is still substantial potential for increased use of CCPs' existing clearing offerings for these standardised OTC derivatives.
- Authorities continue to monitor access to central clearing, and the role of intermediaries in providing client access and related services. With a small number of large intermediaries providing a majority of global client clearing, authorities need to ensure that appropriate regulatory and supervisory safeguards are in place to address potential intermediary concentration or access issues. This is particularly important for jurisdictions with smaller OTC derivatives markets where authorities have noted that participants in their markets are likely to have access to central clearing for certain products only through client clearing arrangements.

Capital

- Basel III standards for banks' capital treatment of centrally cleared and non-centrally cleared derivatives exposures are largely complete, with remaining standards for the treatment of banks' exposures to CCPs (and related methodological changes) close to being finalised by the BCBS. As at April 2014, the majority (15) of FSB member jurisdictions have requirements in effect to implement Basel III standards (where finalised).

Margin

- Some jurisdictions have begun developing regulatory reforms to implement the recently finalised BCBS-IOSCO margin standards for non-centrally cleared derivatives, in order to phase-in requirements consistent with agreed timelines.

Organised platform trading

- The majority of jurisdictions expect to have necessary legislative frameworks in place this year to support increased use of exchanges and trading platforms for OTC derivatives contracts, where appropriate. However, there appear to be significant differences across jurisdictions in the timing of implementation and regulatory design of the reforms either underway or being contemplated. Three jurisdictions have mandatory trading requirements in place, with other jurisdictions developing or considering whether specific requirements in this area are appropriate for the markets within their jurisdiction. The implications of this lack of consistency in jurisdictions' approaches will be considered further by the FSB in the period ahead.

Several concerns that continue to be identified by many authorities in effectively implementing reforms relate to ensuring that there is a satisfactory resolution of **cross-border regulatory issues**. Several authorities have noted that there remain issues of overlap, duplication, inconsistencies, conflicts or gaps in regulatory requirements applying in cross-border contexts. In September 2013 G20 Leaders agreed 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.”

Regulators – particularly those comprising the OTC Derivatives Regulators Group – have made good progress identifying and working through regulatory issues in this area and have established a number of understandings on how to resolve issues. The Regulators Group will continue its work to resolve cross-border issues and will report for the November 2014 G20 Leaders’ Summit how it has resolved or intends to resolve identified cross-border issues. Authorities should also ensure cross-border issues outside of those jurisdictions involved in the Regulators Group are appropriately resolved in a timely fashion.

To further facilitate the resolution of cross-border issues, the FSB urges jurisdictions to:

- put in place their remaining legislation and regulation promptly and in a form flexible enough to respond to issues in 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 ahead of the November G20 Summit 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 remainder of this report is organised as follows:

- **Section 2** reports on progress in jurisdictional and market reform implementation
- **Section 3** discusses implementation issues and market developments in meeting the underlying reform objectives
- **Section 4** reviews international policy developments to support effective reform implementation

The FSB will publish a further progress report ahead of the November 2014 G20 Leaders’ Summit.

2. Progress in jurisdictional and market reform implementation

Most jurisdictions have completed the reforms to their legislative frameworks needed to implement the G20 commitments. An exception is the status of frameworks to implement margin requirements for non-centrally cleared derivatives; across jurisdictions, development of such frameworks had generally been pending the finalisation of an internationally agreed framework for margin requirements, which occurred in September 2013. However, the status of reform implementation in certain commitment areas remains uneven across jurisdictions. Since the September 2013 progress report, jurisdictions have taken additional steps in implementing reforms, largely in relation to trade reporting and capital requirements. By end-2014, all 19 FSB member jurisdictions will have or expect to have reporting requirements in force or legislation adopted and 18 will have or expect to have capital requirements in force or legislation adopted. By end-2014 current indications are that six jurisdictions expect to have mandatory clearing requirements for certain products in effect and an additional 12 jurisdictions will have at least the legislative authority in place to require central clearing of OTC derivatives. Some jurisdictions continue to prefer to rely on incentives, such as existing and prospective capital and margin requirements, as a tool to drive the market towards central clearing.³ Market usage of CCPs is increasing across interest rate and credit derivatives asset classes.

Along with progress in implementing higher capital requirements for non-centrally cleared derivatives, most jurisdictions report being committed to implementation of margin requirements for these derivatives consistent with the internationally agreed start of phase-in during 2015.

There continues to be uneven progress in implementing reforms to promote the trading of OTC derivatives on organised trading platforms. As discussed in **Section 3.2**, there are differences in jurisdictions' regulatory approaches, including for example: timing of implementation; the scope of application of rules; approaches to granting permission; and the availability of recognition and/or substituted compliance (particularly for requirements governing transactions). Some jurisdictions are putting in place mandatory requirements to trade on exchanges or electronic trading platforms while other jurisdictions have noted that at present, based on their own current market characteristics, such requirements are not needed. These differences in regulatory approaches and the timing of requirements (where these are being implemented) appear to be a factor in some authorities' observation of some market reorganisation (see **Section 3.2.1**).

Figure 1.1 in the executive summary and **Table 2.1** below provide an overview of the status of legislative and regulatory frameworks in each FSB member jurisdiction as of the publication of this report.

³ For background on FSB member approaches to central clearing, see November 2012 publication of *Members declared approaches to central clearing*; available at http://www.financialstabilityboard.org/publications/r_121105a.htm.

Table 2.1

Summary of National Progress of OTC Derivatives Market Reforms¹Reforms to government frameworks²

	Status of applicable legislation					Status of implementing regulation				
	Central Clearing	Exchange / Platform trading	Reporting to TRs	Capital	Margin ³	Central clearing	Exchange / Platform trading	Reporting to TRs	Capital	Margin
Argentina ⁴	A	A		N/A	C	A	A	A	E	C
Australia	A	A	A	A	N/A	C		PE	E	N/A
Brazil ⁵	A		A	A ¹⁵				E	E	
Canada ⁶	A	A	A	N/A	N/A	C		A	E	
China		A ¹⁵		N/A		E	E	E	E	
European Union ⁷	A	A	A ¹⁵	A ¹⁵	A	C		E	E	C ⁷
Hong Kong SAR	A	A	A	A ¹⁵				PE	E	
India ⁸	A ¹⁵	A	A ¹⁵	N/A	N/A	A	PA	E	E	PE
Indonesia ⁹		A	A		N/A		PE	PE		N/A
Japan	A	A	A	N/A		E		E	E	
Rep. of Korea	A ¹⁵		A	P		A		E	E	
Mexico ¹⁰	N/A	N/A	N/A	N/A	N/A	P	P	E	PA	
Russia	PA		A ¹⁴	A	N/A	C		PE	E	
Saudi Arabia ¹¹	N/A	N/A	N/A	N/A	N/A			E	E	
Singapore	A	C	A ¹⁵	A ¹⁵				E	E	
South Africa ¹²	A	A	A	A	A			C	PE	
Switzerland ¹³	C	C	PA	A	C			PE	E	
Turkey	A		A							
United States ¹⁴	A	A	A	A	A	PE	PE	PE	PA	P
Total proposed or consulted	1	2	0	1	2	5	1	1	0	3
Total partially adopted	1	0	1	0	0	0	1	0	2	0
Total adopted	13	11	14	9	3	3	1	2	0	0
Total partially effective						1	2	6	1	1
Total effective						2	1	9	14	0
Key:										
	No action has been taken to date									
N/A	Not applicable in jurisdiction (i.e. legislative changes or implementing rules may not be needed in certain jurisdictions)									
C – Consultation	Official documents have been published for public consultation									
P – Proposed	Draft legislation or regulations have been submitted through the appropriate process									
PA – Partially adopted	Final legislation or rules have been adopted for part of the relevant commitment area or for a portion of the market, and are enforceable									
A – Adopted	Final legislation or rules have been adopted by the appropriate bodies and are enforceable									
PE – Partially effective	Regulation in force and operative for a part of the market at the time of publication									
E – Effective	Regulations are in force and operative as of the time of publication									

¹ This table shows progress as of the time of publication. For purposes of this table 'legislation' includes legislation requiring that certain reforms be implemented and also legislation that authorises supervisors or regulators to adopt requirements to implement the G20 commitments. Legislation that provides authority to adopt requirements is sometimes referred to as 'authorising legislation' in this report. This summary table provides a simple overview of progress in implementing the OTC derivatives reforms; for more detailed responses, please see **Appendices A–E**.

² Standardisation has not been included as a separate category here.

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- ³ Jurisdictions have typically noted that they are implementing Basel III capital requirements and have begun developing regulatory reforms to implement the recently finalised BCBS-IOSCO standards for margin requirements for non-centrally cleared derivatives.
- ⁴ In Argentina, central clearing and trading organised platforms are not requirements. However, Argentina issued regulations in 2007 to provide incentives for trading derivatives on organised platforms that offer central clearing. Argentina reports that a significant portion of derivatives trading is currently centrally cleared and traded on organised platforms as a result of existing regulation. Argentina reports that it will continue to consider whether additional legislation is needed.
- ⁵ With respect to central clearing and executing trades on electronic platforms, Brazil reports carrying out market assessments to determine whether requirements are needed.
- ⁶ In Canada, authorising legislation for central clearing and reporting to TRs is in place in Ontario and Québec, the provinces where the vast majority of OTC derivatives are booked by value, and in Manitoba. These provinces have adopted final trade reporting rules, with the reporting requirement to begin on 2 July 2014. Model rules for trade reporting have been published in the other provinces, and will be put into effect when enabling legislation is in place. Clearing model rules have been published in all provinces. The Office of the Superintendent of Financial Institutions will also be modifying its derivatives best practices guidelines for federally regulated financial institutions in 2014 to include expectations for central clearing and trade reporting in line with relevant provincial requirements expected in Ontario, Quebec and Manitoba. Basel capital rules were adopted as of 1 January 2013; the credit valuation adjustment (CVA) capital charge came into effect in January 2014.
- ⁷ Regarding capital requirements, the current regulations for capital requirements consistent with Basel III have been adopted in the EU through CRD IV and CRR which entered into force in January 2014. Further, CRR is supplemented by additional detailed technical regulations (Technical Standards), many of which are in force and the remainder of which will be adopted by Q4 2014. For margin requirements in the EU, the EBA is expected to publish a consultative report in Q2 2014 that will serve as a base for the drafting of the technical standards for margin requirements.
- ⁸ In India, margin requirements are in place for certain credit derivatives, however new rules will be adopted in early 2015, consistent with BCBS-IOSCO guidance.⁹ In Indonesia, certain types of equity derivatives products are required to be traded on exchange; Indonesia requires banks to report interest rate derivatives and FX derivatives transactions to the central bank.
- ¹⁰ In Mexico, OTC derivatives market reforms are going to be implemented through amendments to secondary regulation issued by financial authorities. They have submitted through the appropriate process amendments to allow a local CCP to clear OTC derivatives and strengthen the operation and management of CCPs and electronic platforms. Amendments to establish a mandate on exchange/platform trading and central clearing have been under consultation with major stakeholders. Regarding trade reporting, banks and brokerage firms must report their derivatives transactions to Banco de Mexico.
- ¹¹ In Saudi Arabia, OTC derivatives reforms are going to be implemented through regulation issued by SAMA and the CMA. A local trade repository was established and trade reporting requirements have been in force since 2012. The authorities reported that a self-assessment and a validation process have been completed. The Saudi Arabian approach is based on results and recommendations arising from the self-assessment exercise which did not indicate that requirements were needed for local, mandatory central clearing or the establishment of a local CCP based on certain market characteristics, such as size and volume.
- ¹² In South Africa, no changes to legislation will be needed to implement capital and margin requirements for non-banks. Capital requirements are in effect for banks, but not yet finalised for non-banks.
- ¹³ In Switzerland, existing legislation requires dealers to report information on all transactions, including OTC transactions, of derivatives that are traded on a Swiss exchange. This legislation does not cover the entire scope of the G20 commitments and Switzerland published additional legislation for public consultation in December 2013, along with other OTC derivatives reform initiatives.
- ¹⁴ In the US, the CFTC has adopted all of the necessary rules for CCPs, trading platforms and trade repositories. The CFTC has also adopted rules for mandatory central clearing, reporting to TRs, exchange trading, risk mitigation for non-centrally cleared swaps, and standardisation. The SEC has adopted rules related to standards for operation and risk management of clearing agencies and processes for determining whether specific derivatives contracts will be subject to mandatory clearing. However, the SEC has not yet adopted final rules in most other areas. The CFTC and SEC have proposed regulations for capital and margining of non-centrally cleared transactions for non-banks. US banking agencies have adopted rules implementing recent BCBS revisions and enhancements to its capital framework. US prudential regulators have proposed regulations for margining of non-centrally cleared transactions for the swap entities they regulate. Under CFTC rules, financial counterparties began reporting interest rate and credit swaps on 10 April 2013 and began reporting all asset classes on 29 May 2013. Non-financial counterparties began reporting interest rate and credit swaps on 1 July 2013 and swaps in all asset classes on 19 August 2013. Swap dealers and private funds began clearing on March 11, 2013; accounts managed by third party investment managers, as well as ERISA pension plans began clearing in September 2013 and all other financial entities began clearing in June 2013. Certain Swap Execution Facilities (SEFs) have also self-certified swaps for mandatory trade execution. This requirement to execute certain interest rate and credit default swaps on SEFs and Designated Contract markets (DCMs) took effect on February 15, 2014 for market participants.
- ¹⁵ In some instances, jurisdictions reported that legislation is 'effective'. The September 2013 progress report noted that for the legislative process, 'adopted' was the final category. Consistent with previous progress reports, any responses that legislation is 'effective' has been reclassified as 'adopted', but only for the status of applicable legislation.

Source: FSB member jurisdictions.

2.1 Trade reporting

2.1.1 Implementation timetable for trade reporting

Since the September 2013 progress report, reporting requirements came into force in China, the EU, India, Korea, and Singapore.⁴ This brings to 15 the total number of FSB member jurisdictions with trade reporting requirements partially or fully in effect at the end of Q1 2014; another jurisdiction is expected to put some requirements in effect by end-2014. Additionally, reporting requirements were adopted in Argentina and Canada, and Switzerland published its draft legislation in December 2013. All jurisdictions are expected to have adopted reporting requirements or at least the related legislation by end-2014.

Table 2.2 provides an indication of jurisdictions' next steps in implementing reporting requirements, and **Appendix A** provides more specific details on jurisdictions' next steps.

2.1.2 Data privacy laws, blocking statutes, and other laws prohibiting reporting to TRs and regulatory access to data held in TRs

In previous OTC derivatives progress reports, several jurisdictions had reported having existing legal provisions that could act as barriers to reporting transactions in the first instance and barriers that could limit a foreign authority's ability to directly access TR-held data.⁵ In many instances, barriers to reporting resulted from privacy or confidentiality restrictions and could be 'waived' by the counterparties to the transaction themselves.⁶ Jurisdictions generally reported that barriers to reporting transactions caused by privacy or confidentiality provisions would be overridden once domestic reporting requirements came into effect. In some instances, the reporting framework specifically contemplates overriding privacy and confidentiality provisions when reporting transactions pursuant to either foreign or domestic law.⁷

In the EU, reporting requirements for all entities and all asset classes came into force on 12 February 2014. As expressly provided by EMIR, if a counterparty reports to a TR pursuant to EMIR, this reporting obligation overrides any contractual or any other legislative,

⁴ In India, reporting requirements came into force for additional products and in Singapore, reporting requirements began being phased in. In addition, Mexico reported having requirements in place for dealers to report to the central bank since 2005, but also that new requirements to have local CCPs provide TR services for clearing members and those who wished to voluntarily report will come into place as well (these latter requirements are expected to be fully effective 9 months from issuance, in early Q4 2014). Korea notes that the Bank of Korea, the Financial Supervisory Service and Korea Exchange all serve as TRs.

⁵ See, for instance, section 3.2.1.1 of FSB (April 2013), *OTC Derivatives Market Reforms: Fifth progress report on implementation* (available at: http://www.financialstabilityboard.org/publications/r_130415.pdf), and section 6.3.1.1 of FSB (September 2013), *OTC Derivatives Market Reforms: Sixth progress report on implementation* (available at: http://www.financialstabilityboard.org/publications/r_130902b.pdf). These barriers can include, for example, confidentiality provisions, privacy laws, data protection regimes, blocking statutes, bank secrecy laws and indemnification agreements. In preparation for this report, 16 countries (responded that they either had some barriers to reporting (11) or that they were uncertain if they had barriers in place (5).

⁶ Although these types of provisions can typically be overridden by consent, the September 2013 and April 2013 progress reports noted that regimes should still address these types of provisions as consent could be withheld and, at times, are required on a transaction by transaction basis which could be overly cumbersome.

⁷ Namely, Singapore and Switzerland.

Table 2.2*

Trade Reporting Implementation Timetable

Jurisdiction	2013		2014				2015 →
	Q3	Q4	Q1	Q2	Q3	Q4	
Argentina							
Australia							
Brazil							
Canada ¹							
China							
EU							
Hong Kong							
India							
Indonesia							
Japan							
Korea							
Mexico							
Russia							
Saudi Arabia							
Singapore							
South Africa							
Switzerland ²							
Turkey							
US							

■ Requirements effective ■ Requirements partially effective/being phased in ■ Legislative framework adopted (or not applicable), implementing rules adopted ■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed ■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed ■ Legislative frameworks in consultation or proposed ■ Legislative/regulatory steps not planned

* Reforms to legislative and regulatory frameworks; time periods after Q1 2014 indicate jurisdictions' anticipated status based on current information.

¹ TR rules have been adopted in Ontario and Québec, the provinces where the vast majority of Canadian OTC derivatives transactions are booked by value, and in Manitoba. These provinces have adopted final trade reporting rules with reporting requirements to begin on 2 July 2014. Model rules for trade reporting have been published in the other provinces and will be put into effect when enabling legislation is in place in each of the remaining provinces. ² Existing legislation requires dealers to report information on all transactions, including OTC transactions, of derivatives that are traded on a Swiss exchange. This legislation does not cover the entire scope of the G20 commitments and Switzerland published additional legislation for public consultation in December 2013, along with other OTC derivatives reform initiatives.

Source: FSB member jurisdictions.

regulatory or administrative provision, in particular any privacy law, professional secrecy or confidentiality requirement in EU member states for reporting pursuant to EMIR.⁸ Additionally, ESMA has delivered technical advices to the European Commission in order to prepare possible implementing acts concerning equivalence between EMIR and the legal supervisory frameworks of certain third countries, in order to facilitate reporting pursuant to

⁸ Consistent with earlier progress reports, some member states noted that member state law would still be in place when counterparty information is required to be reported pursuant to foreign reporting requirements in cross-border transactions, creating some uncertainty or limitations to reporting transactions. Those potential limitations may be addressed through equivalence decisions.

EMIR to TRs already permitted to operate in other jurisdictions. The European Commission is analysing those advices and will issue equivalence decisions in the coming months through implementing acts.

Although reporting requirements assist in the ability to report transactions under a domestic framework, the ability of other authorities to access TR-held data is only addressed in limited cases.⁹ For example, in the Australian and Singaporean regimes and in the Swiss draft legislation, direct access is permitted to foreign authorities designated (or ‘prescribed’) by the respective authorities, upon satisfying that adequate confidentiality obligations are applicable to the relevant authority’s handling of data. Similarly, Turkey reported that sharing of information with foreign authorities would require the approval of the Capital Markets Board. Other jurisdictions who reported having barriers to authority access such as Brazil, India, Korea and Russia. The US noted that information could also be requested from the domestic regulator on a bilateral basis.¹⁰

2.1.3 Availability and use of trade repositories

As at April 2014, 25 TRs located in 11 jurisdictions are currently operational, or have stated plans to be operating. **Appendix F** provides further information on these TRs, including information on which asset classes they service.

Since the publication of the previous progress report, the jurisdictional coverage of TRs has expanded. The majority (13) of FSB member jurisdictions now have at least one TR available to receive transaction reports, whether located domestically or operating across borders. This represents an increase in the number of jurisdictions that had TRs available (10 jurisdictions in August 2013) (**Table 2.3**); the increase in availability in part reflects jurisdictional progress in bringing regimes to permit TR operation and reporting regimes into effect in recent months. As noted in **Section 2.1.1**, a number of other jurisdictions’ regimes are expected to come into effect over the course of the year, which should see availability increase further.

The multiplicity of available TRs within and across jurisdictions makes it difficult to produce an aggregate measure of the amount of transaction reporting that is taking place.¹¹ The FSB will be undertaking a thematic peer review of jurisdictions’ trade reporting regimes over the course of 2014 in order to better understand the extent of trade reporting taking place.

⁹ Earlier progress reports have noted that authority access in some jurisdictions can be limited by existing laws.

¹⁰ Korea noted that it is considering policy options to allow for foreign authorities’ access to TR held data. Mexico noted that Banco de Mexico does not have barriers to share information with other local or foreign authorities. In the case of the local CCP providing TR services, as considered under amendments to secondary regulation that are expected to become effective in Q4 2014, access to information would be granted on a bilateral basis.

¹¹ Available data from one of the largest TR providers (DTCC) suggest that transaction reports equivalent to aggregate notional amounts of US\$549 trillion interest rate derivatives and US\$23 trillion credit derivatives had been made as at end-June 2013 (not adjusting for double-counting of centrally cleared transactions). This compares to global notional amounts outstanding of US\$561 trillion and US\$24 trillion in interest rate and credit derivatives respectively for the same period, based on BIS data. Note, however, that reporting requirements or TR authorisations are not yet effective in several jurisdictions; even where they are, not all participants are necessarily required to report. Comparisons between these data sources are also complicated by differences in data collection and aggregation methods.

Table 2.3

Availability of Trade Repositories by Asset Class in FSB Member Jurisdictions

As at April 2014

Asset class	Jurisdictions																		
	AR	AU	BR	CA	CN	EU	HK	IN	ID	JP	KR	MX	RU	SA	SG	ZA	CH	TR	US
Co		X	X			X					X	X	X		X				X
Cr		X	X			X		X		X	X		X		X				X
Eq		X	X			X				X	X	X	X		X				X
FX		X	X			X	X	X	X	X	X	X	X	X	X				X
IR		X	X			X	X	X	X	X	X	X	X	X	X				X

X indicates at least one TR collecting transaction reports in given asset class is available in jurisdiction

Co = commodity, Cr = credit, Eq = equity, FX = foreign exchange, IR = interest rate

AR = Argentina, AU = Australia, BR = Brazil, CA = Canada, CN = China, EU = European Union, HK = Hong Kong SAR, IN = India, ID = Indonesia, JP = Japan, KR = Republic of Korea, MX = Mexico, RU = Russia, SA = Saudi Arabia, SG = Singapore, ZA = South Africa, CH = Switzerland, TR = Turkey, US = United States

Source: FSB member jurisdictions.

2.2 Central Clearing

2.2.1 Jurisdictional progress on central clearing

Currently, three jurisdictions (China, Japan and the US) have implemented their first clearing mandates. Since the September 2013 progress report Korea and India adopted regulation and Mexico and Russia reported proposing or publishing regulation for consultation. The Australian Government also published a proposal to allow for clearing requirements to be placed on large financial institutions with significant cross-border activity transacting in certain OTC interest rate derivatives.¹² The Australian regulators separately published a further assessment of the Australian OTC derivatives market, which recommended that the Australian Government consider a central clearing mandate for trades between internationally active dealers in Australian dollar-denominated interest rate derivatives.¹³ In the EU, the process for authorising CCPs began in Q3 2013; the first CCP was authorised in Q1 2014, which has in turn triggered processes for determining which OTC derivatives products might fall under a clearing obligation in the EU. In April 2014, Hong Kong also adopted the legislative framework needed to further reform implementation (this legislative framework covers trade reporting, central clearing and trading on exchanges or organised trading platforms).

¹² The proposal would allow for ASIC to issue rules for GBP, Euro, Yen and USD denominated interest rate swaps. ASIC is expecting to consult on draft rules in Q2 2014. See: <http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2014/G20-over-the-counter-derivatives-commitments>.

¹³ APRA, ASIC and RBA (2014), *Report on the Australian OTC Derivatives Market*, April 2014; available at: <http://www.cfr.gov.au/publications/cfr-publications/2014/report-on-the-australian-otc-derivatives-market-april/pdf/report.pdf>.

Current reform implementation timetables indicate that concrete steps will be taken over the course of 2014. As at April 2014, Korea and Singapore anticipated bringing some clearing requirements into effect by end-2014, Hong Kong anticipates consulting on or proposing rules to implement clearing requirements during the same time frame, and Australia expects to consult on its rules in Q2 2014.¹⁴ Looking forward to 2015, clearing obligations are also expected to be coming into effect in Canada, the EU and Hong Kong.

Table 2.4 provides an indication of jurisdictional progress in implementation and **Appendix B** provides additional detail regarding the next steps.

Table 2.4
Central Clearing Implementation Timetable

Jurisdiction	2013		2014				2015 →
	Q3	Q4	Q1	Q2	Q3	Q4	
Argentina							
Australia							
Brazil							
Canada ¹							
China							
EU							
Hong Kong ²							
India							
Indonesia							
Japan							
Korea							
Mexico							
Russia							
Saudi Arabia ³							
Singapore							
South Africa							
Switzerland							
Turkey							
US							

■ Requirements effective
 ■ Requirements partially effective/being phased in
 ■ Legislative framework adopted (or not applicable), implementing rules adopted
 ■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed
 ■ Legislative frameworks in consultation or proposed
 ■ Legislative/regulatory steps not planned

¹ Clearing model rules have been published for comment, and in Q4 2014 are expected to be adopted in Ontario and Québec, the provinces where the vast majority of Canadian OTC derivatives transactions are booked by value, and in Manitoba. ² Hong Kong will phase in clearing requirements. ³ In Saudi Arabia, OTC derivatives reforms are going to be implemented directly through regulation issued by SAMA and the CMA and based on the results of a self-assessment and validation process which did not indicate that mandatory clearing obligations or a local CCP were required based on certain market characteristics such as size and volume.

Source: FSB member jurisdictions.

¹⁴ The Regulators Group previously noted their understanding that there would be a framework for consultation among authorities on mandatory clearing determinations, founded on IOSCO recommendations and aiming to harmonise mandatory clearing determinations to the extent practicable. For further information see: <http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/odrgreport.pdf>.

2.2.2 Progress in implementing the four safeguards

In addition to progress in implementing national reforms to meet the G20 commitment that all standardised OTC derivative contracts should be centrally cleared, some FSB member jurisdictions noted continued efforts towards the implementation of the four safeguards to support a resilient and efficient global framework for central clearing.¹⁵ Given that substantial progress in putting in place the four safeguards was acknowledged by the G20 in June 2012, many jurisdictions did not provide additional information specific to the four safeguards.¹⁶ Some jurisdictions, however, noted that further steps to ensuring the safeguards were fully in place were being taken through progress in implementation of the PFMI and planned work related to recovery and resolution, as well as the development of cooperative oversight arrangements (further discussed in **Section 3.6**). Authorities reiterated support for the safeguard related to liquidity arrangements for CCPs in the currencies in which they clear, and continue to implement rules and policies requiring CCPs to manage their liquidity risks. The FSB will continue to monitor progress in ensuring the four safeguards are in place.

2.2.3 Availability and use of central counterparties

2.2.3.1 Availability of CCPs

CCPs are available to clear some products in all five asset classes, and several CCPs have announced plans to expand clearing services (**Table 2.5**). Further detail on CCPs providing clearing in each OTC derivatives asset class is provided in **Appendix G**. As has been the case for some time, the largest range of CCPs available is for the clearing of interest rate derivatives, with 16 CCPs clearing at least some types of products in this asset class. The other asset classes currently have fewer CCPs offering clearing for some products.

Table 2.5

Availability of CCPs clearing OTC derivatives

Asset class	Currently operating	Not yet operational	Total
Commodities	12	0	12
Credit	6	1	7
Equity	7	0	7
FX	9	4	13
Interest rate	16	0	16

Sources: FSB member jurisdictions; various CCPs.

¹⁵ The four safeguards are: (i) fair and open access by market participants to CCPs, based on transparent and objective criteria; (ii) cooperative oversight arrangements between relevant authorities, both domestically and internationally and on either a bilateral or multilateral basis, that result in robust and consistently applied regulation and oversight of global CCPs; (iii) resolution and recovery regimes that aim to ensure the core functions of CCPs are maintained during times of crisis and that consider the interests of all jurisdictions where the CCP is systemically important; and (iv) appropriate liquidity arrangements for CCPs in the currencies in which they clear.

¹⁶ See paragraph 39 of the June 2012 G20 Leaders' Declaration, available at: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/131069.pdf.

The practical availability of clearing to market participants is constrained by where CCPs are permitted to operate (**Table 2.6**). With most jurisdictions requiring that a CCP receive some form of permission before it can offer direct and/or indirect clearing services to domestic market participants, the availability of a given CCP in one jurisdiction does not necessarily

Table 2.6

Availability of CCPs in Jurisdictions

CCPs clearing OTC derivatives currently permitted to operate in FSB member jurisdictions

	AR	AU	BR	CA	CN	EU	HK	IN	ID	JP	KR	MX	RU	SA	SG	ZA	CH	TR	US
ASX Clear		B																	
ASX Clear (Futures) ¹		B				PB													P
BM&F Bovespa			B			PB													
BME Clearing						PB													
Cantor Clearinghouse																			B
CCIL						PB		B											
CDCC				B		PB													
CME Clearing Europe				B		PB													
CME Group				B		PB													B
Eurex Clearing AG						PB											D		P
European Commodity Clearing						PB													
HKEx (OTC Clearing Hong Kong Ltd)						PB	D												
Holland Clearing House						PB													
ICE Clear Credit LLC				B		PB													B
ICE Clear Europe Ltd						PB													B
JSCC						PB				B									P
KDPW CCP						PB													
Korea Exchange											B								
LCH.Clearnet LLC				P		PB													B
LCH.Clearnet Ltd		D		B		PB				I				P			D		B
LCH.Clearnet SA						PB													B
Nasdaq OMX Stockholm						B													
Nadex						PB													D
CJSC JSCB National Clearing Centre (NCC)													D						
Natural Gas Exchange Inc.				D															D
OCC				B															B
OMI Clear																			
SGX Derivatives Clearing						PB									B				B
Shanghai Clearing House																			

D = direct membership only, I = client (indirect) usage only, B = both direct members and client (indirect) usage, P = pending

¹ ASX Clear (Futures) intends to begin offering client clearing from early Q2 2014.

Source: FSB member jurisdictions.

equate to that CCP being available for use by participants in another jurisdiction unless and until steps have been taken that would permit the CCP offering services in that second (or third or fourth) jurisdiction. Where a CCP is not permitted to operate by all jurisdictions relevant to a cross-border trade, there may be barriers to participants clearing trades.

While a number of CCPs are currently permitted to operate in three or more jurisdictions, in most jurisdictions only one or two CCPs are currently permitted. The main exceptions are the EU and US, which have the largest number and widest product coverage of permitted CCPs. Expansion of central clearing is, at least in part, contingent on CCPs being permitted to operate in an increasing number of jurisdictions.

2.2.3.2 Usage of CCPs

At a global level, the notional amount of centrally cleared transactions as a share of notional outstandings has increased slightly over recent months for interest rate and credit derivatives. In the case of OTC interest rate derivatives, based on transactions reported to DTCC by a group of large dealers¹⁷ as at end-February 2014, the gross notional outstanding amount of centrally cleared positions was \$191 trillion across all sub-product types (**Figure 2.1**). This represented around 59% of the amount of transactions that could theoretically be centrally cleared, based on the current OTC interest rate derivatives clearing offerings of CCPs, and 46% of all notional outstandings.¹⁸

The gap between what these firms had actually centrally cleared (a notional amount of \$191 trillion) and the notional amount that could have been centrally cleared based on existing CCP offerings (\$325 trillion) suggests that there remains substantial potential for additional uptake of central clearing. Possible explanations for why this has not occurred yet, or may take some time to take place, could include mandatory requirements not being in place for some products or counterparties (whether due to requirements not being effective or because of exemptions), cost incentives for central clearing relative to bilateral transactions, or legacy positions not being back-loaded onto CCPs.¹⁹ Other factors could include CCPs not being permitted to offer (direct or indirect) clearing services in the relevant jurisdictions (as indicated in **Table 2.6**).

¹⁷ The group of dealers voluntarily reporting interest rate derivatives information to DTCC Derivatives Repository Ltd.'s Global Trade Repository for interest rates swap products is: Barclays Capital; BNP Paribas; Bank of America – Merrill Lynch; Citibank; Credit Suisse; Deutsche Bank AG; Goldman Sachs & Co; HSBC Group; J.P. Morgan; Morgan Stanley; Nomura Securities; Royal Bank of Canada; The Royal Bank of Scotland Group; Société Générale; UBS AG; and Wells Fargo Bank, N.A. Information sourced from: <http://www.dtcc.com/repository-otc-data.aspx?tbid=0#rates>.

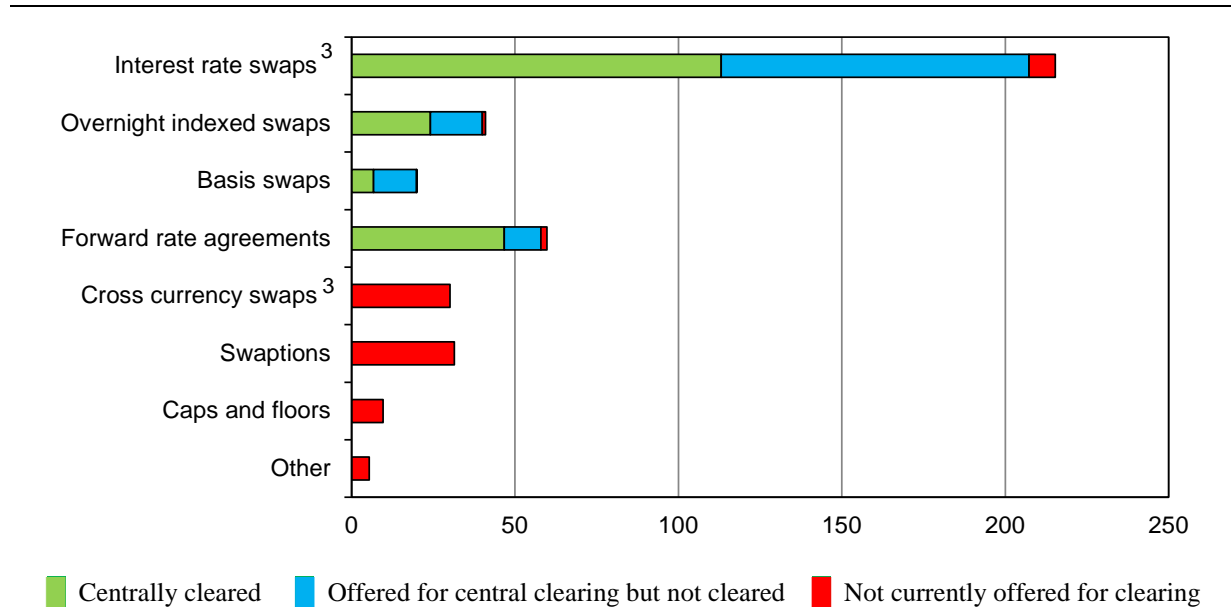
¹⁸ These figures have been adjusted for the double-counting of centrally cleared transactions. Note also that comparisons between periods of the relative share of transactions that have been centrally cleared are complicated by a number of factors: for example, the outstanding amount of centrally cleared and of non-centrally cleared transactions at any point in time may be reduced by periodic trade compression (whereby economically redundant transactions can be 'torn up' and replaced with a smaller set of trades); and new CCP product offerings may become available over time, increasing the universe of transactions that could be centrally cleared.

¹⁹ These legacy positions may in some instances be quite long-dated.

Figure 2.1

Central Clearing of OTC Interest Rate Derivatives¹

Outstanding notional amounts, USD trillions, end-February 2014²



¹ Estimates based on public trade repository information and present central clearing offerings of ASX, BM&F BOVESPA, CCIL, CME, Eurex, HKEx, JSCC, KDPW, LCH.Clearnet, Nasdaq OMX, SCH and SGX. Amounts cleared include transactions subject to mandatory clearing requirements in certain jurisdictions and those cleared voluntarily. ² Adjusted for double-counting of dealers' centrally cleared trades; amounts reported to DTCC by 16 large dealers. ³ Includes vanilla (> 98% of total) and exotic (< 2% of total) products as classified by DTCC.

Sources: DTCC; various CCPs; FSB calculations.

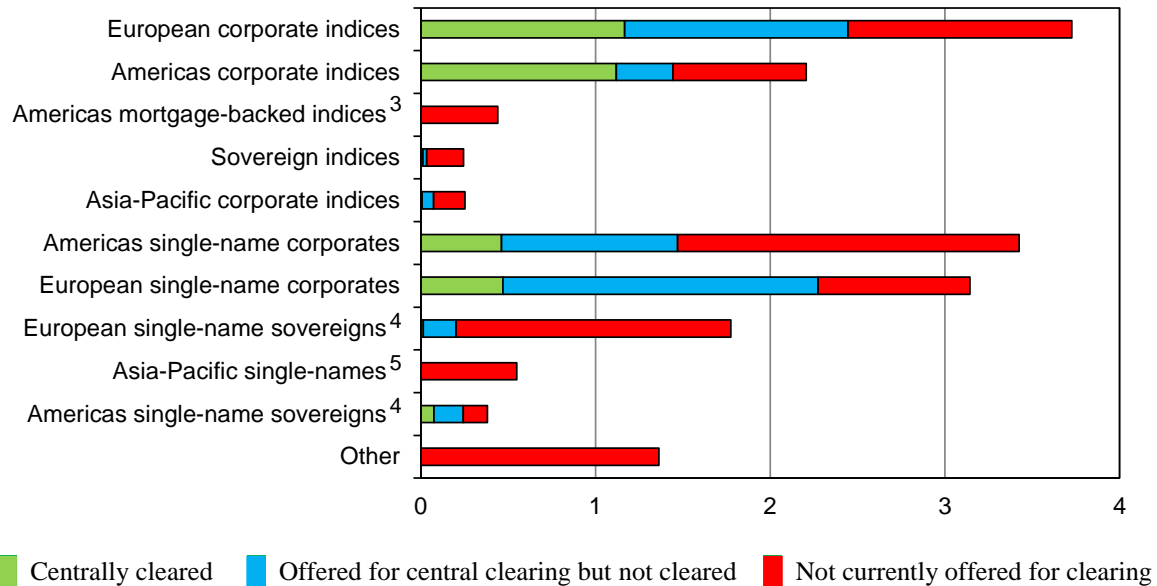
The gross notional outstanding amount of credit derivatives across all market participants (not just large dealers, and adjusted for multiple-counting) was \$18 trillion at end-February 2014.²⁰ Around \$8.2 trillion (47%) of this total amount outstanding could be centrally cleared given existing credit derivatives clearing offerings of CCPs, while \$3.3 trillion (19%) of the total amount outstanding had in fact been centrally cleared (**Figure 2.2**).

²⁰ Credit derivatives information sourced from DTCC's Trade Information Warehouse, available at: <http://www.dtcc.com/repository-otc-data.aspx?tbid=0#tiw>.

Figure 2.2

Central Clearing of OTC Credit Derivatives¹

Outstanding notional amounts, USD trillions, end-February 2014²



¹ Estimates based on public trade repository information and present central clearing offerings of CME, Eurex, ICE Clear Credit, ICE Clear Europe, JSCC and LCH.Clearnet. Amounts cleared include transactions subject to mandatory clearing requirements in certain jurisdictions and those cleared voluntarily. ² Adjusted for double-counting of dealers' centrally cleared trades and triple-counting of clients' centrally cleared trades; amounts reported to DTCC for all counterparties. ³ Includes both residential and commercial mortgage-backed indices. ⁴ Includes sovereigns, sub-sovereign states and state-owned enterprises. ⁵ Includes corporates, sovereigns and state-owned enterprises for Japan, Asia ex-Japan and Australia/NZ.

Sources: DTCC; various CCPs; FSB calculations.

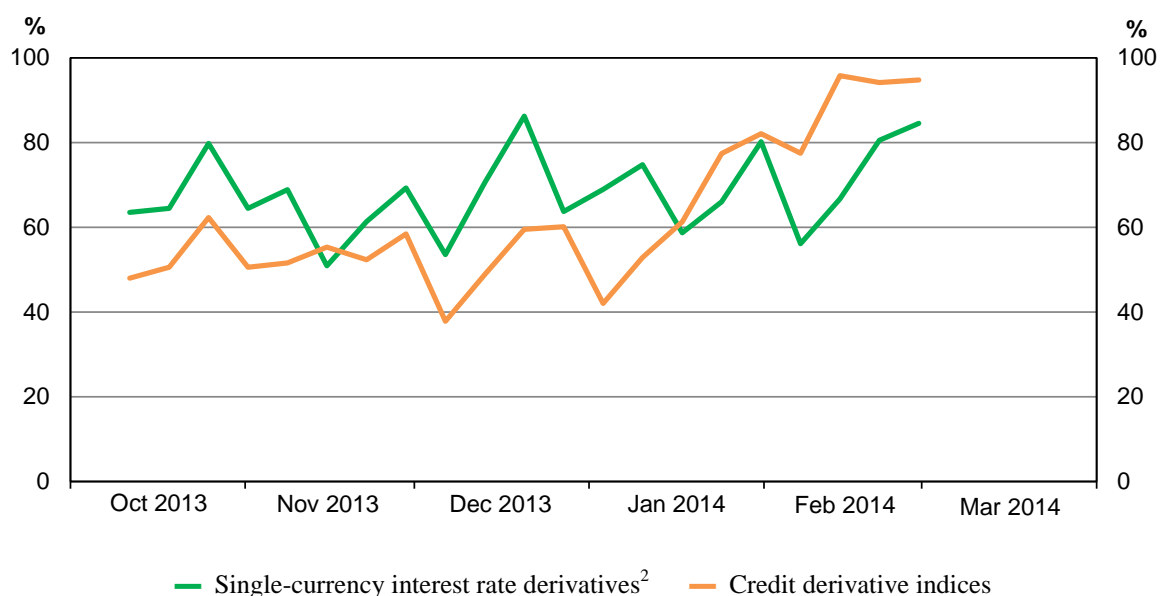
In the US, some information on the proportion of new transactions that are being centrally cleared is publicly available through the CFTC. For single-currency interest rate derivatives reported under CFTC trade reporting rules, the rate of central clearing has averaged around 70% of the notional value of trades since Q4 2013 (**Figure 2.3**). The rate of central clearing of credit derivative indices has seen significant increase over recent months, with around 95% of the notional value of trades being cleared in the last weeks of February 2014, up from around 50% in mid-October 2013.

Partial data also indicate that client clearing activity has increased since the beginning of 2014 (**Figure 2.4**). Across CME and LCH.Clearnet Ltd – two of the largest interest rate derivatives CCPs – a total notional amount of US\$11 trillion in new client transactions in interest rate derivatives had been cleared in February 2014, more than double the amount of client transactions that had been cleared a year earlier.

Figure 2.3

Central Clearing of New OTC Derivatives Transactions

Centrally cleared trades as percentage of weekly aggregate transaction volume¹



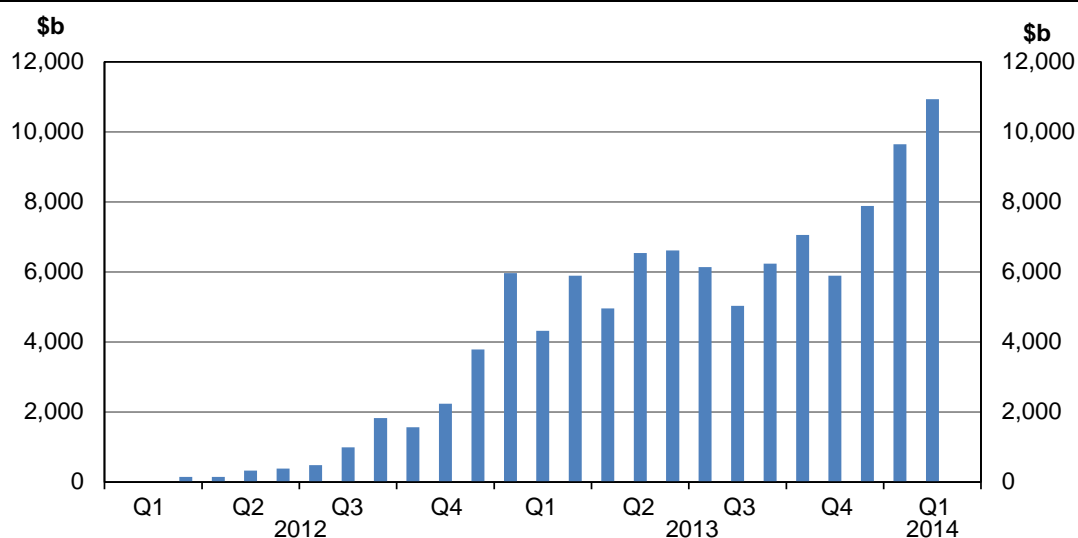
¹ Transactions reported to CME Group SDR, DTCC Data Repository and ICE Trade Vault in accordance with CFTC trade reporting rules. Amounts cleared include both transactions subject to CFTC mandatory clearing requirements and those cleared voluntarily. ² Excludes cross-currency transactions.

Source: CFTC.

Figure 2.4

Client Clearing activity in OTC Interest Rate Derivatives¹

Monthly notional amounts, USD billions



¹ Client transactions cleared by CME Clearing and LCH.Clearnet Ltd (SwapClear); figures represent the client side of each trade; assumes all CME Clearing figures are buy-side transactions.

Sources: CME Group; LCH.Clearnet Ltd.

2.3 Capital requirements

Since September 2013, capital requirements have become fully effective in Canada, the EU, India and Korea, bringing the total number of jurisdictions with capital requirements in effect (or partially in effect) to over half the member jurisdictions (**Table 2.7**). Additionally, Turkey anticipates proposing rules in Q2 2014. Indonesia notes that a preliminary study will be conducted on this issue in 2014 and further assessments and deliberations will be conducted at the earliest in 2015 as prerequisite steps for proposing rules.

Looking forward, almost all jurisdictions will have requirements in effect by end-2014. However, Argentina, Turkey and the US have not provided a time horizon for when requirements are expected to become effective in their respective jurisdictions. Additional jurisdiction-specific information is provided in **Appendix D**.

Table 2.7

Capital Requirements Implementation Timetable

Jurisdiction	2013		2014				2015 →
	Q3	Q4	Q1	Q2	Q3	Q4	
Argentina							
Australia							
Brazil							
Canada							
China							
EU							
Hong Kong							
India							
Indonesia	<i>A preliminary study will be conducted in 2014</i>						
Japan							
Korea							
Mexico							
Russia							
Saudi Arabia							
Singapore							
South Africa							
Switzerland							
Turkey							
US ¹							

■ Requirements effective
 ■ Requirements partially effective/being phased in
 ■ Legislative framework adopted (or not applicable), implementing rules adopted
 ■ Legislative framework adopted (or not applicable), implementing rules partially adopted
 ■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed
 ■ Legislative frameworks in consultation or proposed
 ■ Legislative/regulatory steps not planned

¹ See footnote 14 of **Table 2.1** for further information on the status of US agencies' rule-making in this area

Source: FSB member jurisdictions.

2.4 Margin requirements

The BCBS-IOSCO framework for margin requirements for non-centrally cleared derivatives was finalised in September 2013. Reflecting the fact that standards in this area have only recently been settled, there has been no change in legislative or regulatory progress towards implementing these requirements, though several jurisdictions reported that they anticipate taking additional steps towards implementation closer to 2015, in line with the BCBS-IOSCO recommendations. The EU and the US are the only jurisdictions that report having taken some regulatory steps, with US regulators having published regulatory proposals, while the EU is currently drafting rules which are anticipated to be adopted by end-2014.

Table 2.8 below provides an indication of jurisdictional progress in implementation and **Appendix E** provide additional detail regarding planned next steps.

Table 2.8

Margin Requirements Implementation Timetable

Jurisdiction	2013		2014				2015 →
	Q3	Q4	Q1	Q2	Q3	Q4	
Argentina							
Australia							
Brazil ¹							
Canada							
China							
EU							
Hong Kong							
India ²							
Indonesia	<i>Reports that no entities currently meet the margin requirements threshold</i>						
Japan							
Korea							
Mexico							
Russia							
Saudi Arabia	<i>SAMA reviewing margining requirements and will adopt as appropriate.</i>						
Singapore	<i>MAS reports that implementation will be according to the WGMR timetable</i>						
South Africa							
Switzerland							
Turkey							
US							

■ Requirements effective
■ Requirements partially effective/being phased in
■ Legislative framework adopted (or not applicable), implementing rules adopted
■ Legislative framework adopted (or not applicable), implementing rules partially adopted
■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed
■ Legislative framework adopted (or not applicable), no progress in implementing rules
■ Legislative frameworks in consultation or proposed
■ Legislative/regulatory steps not planned

¹ Brazil notes that the legislative framework consultation is being done internally by the regulators. ² In India, margin requirements are in place for certain credit derivatives, however new rules will be adopted in early 2015, consistent with BCBS-IOSCO guidance.

Source: FSB member jurisdictions.

2.5 Exchange and electronic platform trading

Jurisdictions are continuing to consider their approaches to the commitment to have all standardised OTC derivatives contracts traded on exchanges or electronic trading platforms, where appropriate. There continues to be significant variation in approaches to this commitment area.

As at April 2014, three jurisdictions – China, Indonesia and the US – report having regulations requiring organised platform trading.²¹ The CFTC announced that several SEFs have self-certified certain swaps for mandatory trade execution. This requirement to execute certain interest rate and credit default swaps on Swap Execution Facilities (SEFs), Foreign Boards of Trade or Designated Contract Markets took effect in mid-February 2014.²² In February 2014, the CFTC also announced several key measures in order to facilitate an orderly transition to mandatory trading.²³ For example, the CFTC Acting Chairman Mark Wetjen and European Commissioner Michel Barnier issued an announcement regarding additional steps towards harmonising the regulatory framework for CFTC-regulated SEFs and EU-regulated multilateral trading facilities (MTFs), with the CFTC issuing a no-action letter providing conditional temporary relief from its requirements.²⁴

Although several jurisdictions report having legislative frameworks in place that – at minimum – provide regulators the authority to make trading determinations, few jurisdictions have plans to implement regulations over the course of 2014. Hong Kong adopted its legal framework in April 2014 and, along with Canada, India and Mexico, report expecting to take steps during 2014 to implement a regulatory framework for executing trades on exchanges or electronic trading platforms.²⁵ The EU agreed the relevant legislation in Q1 2014 and is now working on finalising the technical details of the legislation. This legislation is likely to fully come into force in 2016, to allow time for the necessary secondary legislative ('level 2') measures to be developed. This legislation will, amongst other things, formalise and strengthen the voluntary moves that EU participants have already made towards using organised trading platforms (such as MTFs) already recognised under existing legislation for trading OTC derivatives. Other jurisdictions have legislative frameworks that are either in consultation or are adopted and are monitoring their markets to determine whether further rules to implement trading obligations are warranted.²⁶

²¹ In two of these jurisdictions, requirements are 'partially effective.' As noted in **Table 2.1**, in the US the rules are partially effective, as the CFTC has rules in force but the SEC has not yet adopted final rules. For Indonesia, the rules are 'partially effective' because they currently cover only a limited number of products or participants and there may be expansion of the requirement.

²² See <http://sirt.cftc.gov/sirt/sirt.aspx?Topic= SwapsMadeAvailableToTradeDetermination> for a list of swaps subject to a made available to trade determination.

²³ Those measures included actions to protect the identities of counterparties trading on a SEF, relief from mandatory trading of certain swaps executed as part of a 'package transaction', and the manner by which market participants trading on a SEF can consent to its jurisdiction. See: <http://www.cftc.gov/PressRoom/PressReleases/pr6853-14>.

²⁴ See: <http://www.cftc.gov/PressRoom/PressReleases/pr6857-14>.

²⁵ Hong Kong further noted that although the enabling provision has been introduced in the regulatory framework, there are no planned steps for further implementation of trade execution requirements until more detailed study to be conducted.

²⁶ In 2011, IOSCO issued a report on Trading of OTC Derivatives which concluded that it is appropriate to trade standardised derivatives contracts with a suitable degree of liquidity on 'exchanges or electronic trading platforms', provided that a flexible approach encompassing a range of platforms that would qualify as 'exchanges or electronic trading platforms' for derivatives trading is taken. Among other things, the report suggested that aligning liquidity of a

(Footnote continued next page.)

As recommended by the FSB in its October 2010 Report, authorities should also explore the benefits and costs of requiring public price and volume transparency of all trades, including for non-standardised or non-centrally cleared products that continue to be traded over-the-counter.

Table 2.9 provides an indication of jurisdictions’ next steps and **Appendix C** provides additional detail on the specifics reported.

Table 2.9
Trade Execution Implementation Timetable

Jurisdiction	2013		2014				2015 →
	Q3	Q4	Q1	Q2	Q3	Q4	
Argentina							
Australia							
Brazil ¹							
Canada							
China							
EU							
Hong Kong							
India							
Indonesia							
Japan							
Korea							
Mexico							
Russia							
Saudi Arabia ²							
Singapore							
South Africa							
Switzerland							
Turkey							
US							

■ Requirements effective
 ■ Requirements partially effective/being phased in
 ■ Legislative framework adopted (or not applicable), implementing rules adopted
 ■ Legislative framework adopted (or not applicable), implementing rules partially adopted
 ■ Legislative framework adopted (or not applicable), implementing rules in consultation or proposed
 ■ Legislative frameworks in consultation or proposed
 ■ Legislative/regulatory steps not planned

¹ Brazil notes that the legislative framework consultation is being done internally by the regulators. ² In Saudi Arabia, OTC derivatives reforms are going to be implemented directly through regulation issued by SAMA and the CMA and based on the results of a self-assessment and validation process which did not indicate that mandatory trading obligations were required based on certain market characteristics such as size and volume.

Source: FSB member jurisdictions.

derivative with a platform structure could provide the incremental benefits of more resilient liquidity and potential reductions in systemic risk for a wide range of standardised derivatives products and, as a result, the G-20 objectives of improving transparency in the derivatives markets, mitigating systemic risk, and protecting against market abuse would be furthered over and above the benefits provided by increased use of central clearing, trade repositories and the review of the relative capital charges for cleared and non-cleared trades.

3. Implementation issues and market developments in meeting reform objectives

3.1 Introduction

With detailed regulatory requirements being developed and implemented, several practical implementation issues have emerged that, if unresolved, have the potential to impede the effectiveness of reforms in meeting the G20 objectives of:

- specifically with regards to OTC derivatives markets: improved transparency, mitigation of systemic risk, and protection against market abuse²⁷; and
- more generally: fostering an open, global financial system that can support economic growth, including by ensuring consistent implementation and enhancing cooperation.²⁸

A primary concern for many authorities and market participants has been how to ensure that regulatory requirements are implemented in a consistent and coordinated fashion across jurisdictions, given the highly cross-border nature of OTC derivatives markets. National authorities continue to work through these issues, complemented by a number of multilateral workstreams.

Other implementation issues and market developments have been noted, such as the usability of data reported to TRs, concentration of intermediaries providing clearing services, access to central clearing, and challenges for smaller jurisdictions. In many instances these issues have been discussed in previous progress reports, and work is underway that should help address some of the concerns that have been raised.

3.2 Cross-border regulatory issues

As noted in **Section 2**, it remains the case that there are some differences in the timing and approaches to OTC derivatives market regulation across jurisdictions. The need for cross-border coordination of regulatory reforms continues to be a pressing concern for authorities and market participants, though – as discussed in more detail below – a number of cross-border issues have been resolved and are being addressed through the work of the OTC Derivatives Regulators Group, which has made substantial progress in addressing a number of challenging cross-border issues. In September 2013 G20 Leaders called for further steps to be taken by authorities in resolving these issues, while welcoming the progress that had been made to date.²⁹

²⁷ Paragraph 13 of September 2009 Pittsburgh G20 Leaders' Statement; available at: https://www.g20.org/sites/default/files/g20_resources/library/Pittsburgh_Declaration.pdf.

²⁸ Paragraphs 63 and 64 of September 2013 St Petersburg G20 Leaders' Declaration; available at: https://www.g20.org/sites/default/files/g20_resources/library/Saint_Petersburg_Declaration_ENG.pdf.

²⁹ Paragraph 71 of the September 2013 G20 Leaders' St Petersburg Declaration states:

We ... welcome the recent set of understandings by key regulators on cross-border issues related to OTC derivatives reforms, as a major constructive step forward for resolving remaining conflicts, inconsistencies, gaps and duplicative requirements globally, and look forward to speedy implementation of these understandings once regimes are in force and available for assessment. 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. We call on

(Footnote continued next page.)

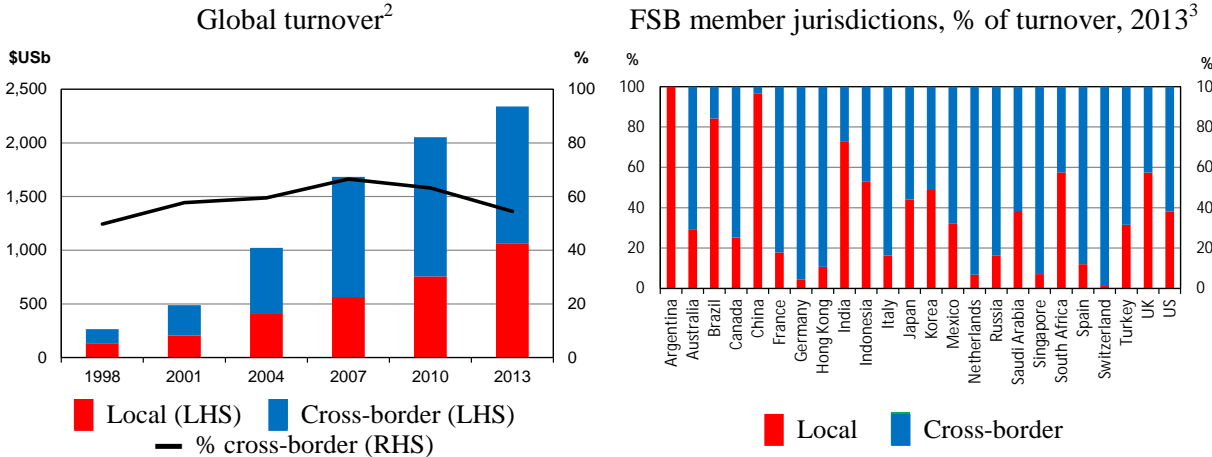
Cross-border coordination is critical given the large number of cross-border transactions (see **Figure 3.1** below showing the extent of cross-border trading of OTC interest rate derivatives at a global level over the past 15 years). According to BIS data on OTC interest rate derivatives turnover, transactions involving counterparties in different locations have comprised 50% or more of global transaction volume (measured by notional amounts). BIS data for individual jurisdictions also indicate that trades involving solely domestic counterparties typically account for less than half of the trading in most FSB member jurisdictions.

Although there has been some decline in cross-border transactions in the period since the global financial crisis, the ongoing high proportion of cross-border transactions in the OTC derivatives markets underscores the need for cross-border coordination.

Figure 3.1

Cross-border OTC Interest Rate Derivatives Activity¹

Share of monthly turnover for April, all currencies and products



¹ Single-currency interest rate contracts ² Adjusted for local and cross-border inter-dealer double-counting (i.e. 'net-net' basis) ³ Adjusted for local inter-dealer double-counting (i.e. 'net-gross' basis)

Source: BIS.

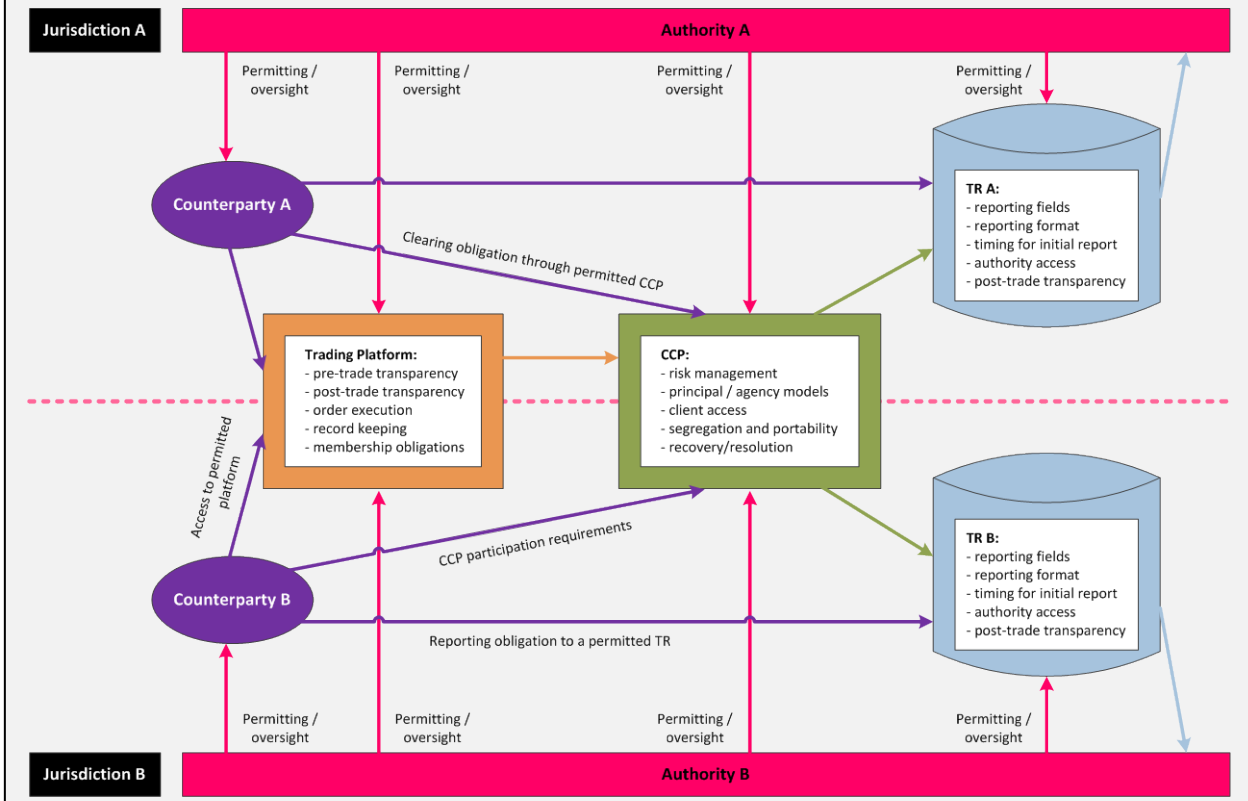
To complement the global picture of cross-border activity, **Figure 3.2** provides a stylised illustration of one type of cross-border transaction in a product that is traded on an organised trading platform, cleared through a CCP and reported to a trade repository, highlighting where regulatory oversight might generally occur (or is anticipated might occur) with respect to CCPs, organised trading platforms, and TRs (as infrastructures) and once reporting, clearing, and trading requirements are effective.

regulators in cooperation with the FSB and the OTC Derivatives Regulators Group to report on their timeline to settle the remaining issues related to overlapping cross-border regulatory regimes, and regulatory arbitrage.

Available at: https://www.g20.org/sites/default/files/g20_resources/library/Saint_Petersburg_Declaration_ENG.pdf.

Figure 3.2

Transaction between cross-border counterparties



This figure illustrates that counterparties can carry out a cross-border transaction that is required to be traded on an organised trading platform and required to be centrally cleared directly with one another only if they have access to the same trading platform and the same CCP. The figure also indicates some of the regulatory arrangements that need to be in place between the authorities and the various participant and infrastructure entities involved in the transaction (for example, either through direct registration requirements or through exemptions, recognition, or substituted compliance). For each of the infrastructure providers, the figure lists some illustrative criteria that may be typically included as part of regulators’ registration, authorisation or licensing requirements, with which infrastructure providers would need to comply in relevant jurisdictions in order for the transaction above to take place. In the example given, counterparties are reporting to TRs permitted to operate in their respective home jurisdictions, which could include domestic TRs or TRs registered in multiple jurisdictions (in this example transactions may also be reported to TRs by CCPs as a counterparty or by trading platforms).

This illustration shows that market participants need access to various centralised infrastructures. The figure highlights some examples of the regulatory areas where overlap, duplication, or conflicts could occur absent regulatory coordination, and potentially affect the ability of infrastructure providers to offer these cross-border services. In addition, there may also be requirements applicable to the counterparties themselves (such as various prudential or business conduct requirements) by each of the jurisdictions. Together, the figure indicates that consistent and coordinated implementation of requirements facilitates cross-border activity.

3.2.1 Cross-border issues identified by FSB members

Against this backdrop of extensive cross-border activity and uneven timing and approaches to regulations coming into force, a number of FSB member authorities have noted that resolution of cross-border issues continues to be the most significant implementation issue.

Cross-border regulatory issues identified by authorities include issues around jurisdictional scope, duplication and lack of consistency and coordination in requirements. Regarding jurisdictional scope, some authorities have noted concerns raised by market participants regarding compliance with multiple authorities' regimes and, in some instances, uncertainty around the nexus that would trigger compliance with an authority's regime. Some authorities have expressed concerns that duplication of regulation may create uncertainty along with resource burdens for both firms and regulators.

Authorities have noted a number of differences that have emerged between rules being implemented across jurisdictions. Some examples of differences relate to the calibration or scope of similar regulatory requirements that apply to participants and infrastructures (e.g. the application of capital requirements for banks and initial margin requirements for CCPs). Other differences reflect divergences in the application of mandatory requirements to transactions; for example mandatory clearing and trading determinations³⁰, or in the scope of requirements or definitions of derivatives. Moreover, in some jurisdictions, there may not yet be plans to put requirements in place at all to implement G20-agreed reforms. Consistent with previous progress reports, several authorities have noted that current inconsistency across regulatory requirements may reduce the prospects for equivalence or comparability determinations, which could create duplicative or overlapping regulation in some instances or opportunities for regulatory arbitrage in others. However, as explained in **Section 3.2.2**, progress continues to be made, with the OTC Derivatives Regulators Group principals reaching an understanding that a flexible, outcomes-based approach should form the basis of final assessments regarding equivalence or substituted compliance.³¹

A key area of concern highlighted by some authorities is the need for authorities to permit cross-border clearing and trading infrastructure to operate in their jurisdictions.³² As illustrated in **Figure 3.2**, absent infrastructures being permitted to operate in relevant jurisdictions, a cross-border transaction may not be able to be cleared on a CCP or traded on a platform, which may lead to a greater reliance on trading relationships with counterparties located in their jurisdiction (including local affiliates of globally active dealers).

Some authorities have observed reorganisation of business activities along jurisdictional lines reflecting steps taken by some counterparties and infrastructure providers to minimise their

³⁰ As reported in the August 2013 report of the Regulators Group, there is an understanding that where participants or products are subject to mandatory trading or clearing obligations in one regime but not another, that a stricter-rule approach would apply to address gaps; transactions involving such participants or products would need to comply with such obligations, even if the two regimes are otherwise considered equivalent or comparable.

³¹ The OTC Derivatives Regulators Group includes principals of regulatory authorities from: Australia, Brazil, Canada (Ontario and Québec), the European Union, Hong Kong, Japan, Singapore, Switzerland and the US. Other G20 or FSB member jurisdictions currently do not participate.

³² The September 2013 progress report noted that "the use of centralised infrastructure depends, in some instances, on exemptions from registration or the application of equivalence or substituted compliance to foreign infrastructure" and that "authorisation, recognition or being granted an exemption in multiple jurisdictions could assist participants in meeting required reporting obligations and assist in authority access to TR held data."

own or their clients' exposure to requirements in place in certain jurisdictions. In particular, one trend that several authorities have observed is that clients of OTC derivatives dealers are requesting dealers to book trades through particular legal entities such that the clients avoid certain jurisdictions' rules. Relatedly, some authorities have reported that some trading platforms are restricting their service from being used by participants in some jurisdictions, to avoid triggering particular regulatory requirements. Some authorities also note concern over the market response to differences in post-trade transparency requirements (including, for example, timing of implementation and 'real time' reporting).

Since variations in timing of implementation and regulatory substance in response to the G20 commitments continues, some reorganisation of activity may result as market participants respond to a new regulatory environment. Some authorities have expressed concern that reorganisation on a significant scale could further increase the complexity of transactions and business structures, which could further complicate both the ability to effectively oversee and monitor entities and the risk management functions of these firms. A potential result of such reorganisation could be fragmentation in market liquidity, whereby some counterparties reduce or eliminate cross-border trading relationships and instead rely on trading relationships with counterparties located in their jurisdiction (including local affiliates of globally active dealers). Currently, though, it is not clear whether moves to reorganise activity – and the consequences of this – are temporary issues that can be corrected as more jurisdictions implement their reforms, or whether they will lead to longer-run market reorganisation. Authorities should therefore continue to monitor effects on liquidity in cross-border markets to assess consequences (if any) on market functioning and structure, including whether further coordination in the implementation of the G20 commitments may be needed.

3.2.2 Progress and next steps in resolving cross-border regulatory issues

In many cases an important step in the resolution of cross-border regulatory issues is that jurisdictions move forward in finalising domestic frameworks. Jurisdictions should continue to push forward in the implementation of agreed reforms, while implementing requirements in an appropriately flexible way so as to help in addressing cross-border regulatory issues.

Once requirements are in place, and cross-border regulatory concerns are identified, authorities may be able to use comparability or equivalence determinations based on similar outcomes where appropriate, as tools for resolving cross-border issues. The February 2014 G20 Communiqué reiterated 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. The FSB will support this by seeking to provide more transparency on the processes used to exercise deference to another country's regime. As part of this, it will publish a report on member jurisdictions' established processes that enable authorities to defer to each other's rules where these achieve similar outcomes, such as by using comparability or equivalence determinations in the application of regulations in cross-border contexts.

In recent months, authorities in both the US and the EU have taken steps to utilise such tools. In the US, the CFTC approved a series of broad comparability determinations that would permit substituted compliance determinations with non-US regulatory regimes as compared to

certain swaps provisions of the Dodd-Frank Act and CFTC regulations.³³ As noted in **Section 2.5**, the CFTC has taken additional action towards harmonising a regulatory framework for SEFs and EU-regulated multilateral trading facilities (MTFs) by issuing a no-action letter providing temporary relief from CFTC requirements. The CFTC has taken additional steps to facilitate cross-border transactions and cooperation, including by providing a mechanism for Australian market infrastructure to provide services to US customers³⁴, and for cooperation and exchange of information in the supervision and oversight of regulated entities that operate on a cross-border basis in Japan and the US.³⁵

In the EU, the EC has issued its cross-border guidance regarding the application of its clearing and risk-mitigation requirements under EMIR, which applies to transactions that have a “direct, substantial and foreseeable effect” with the EU and where it is necessary or appropriate to prevent the evasion of any provision of EMIR. Additionally, the European Securities and Market Authority (ESMA) has delivered advice to the EC on the equivalence of the regulatory regimes for CCPs and TRs, and of risk mitigation requirements, across eight non-EU countries.³⁶ The EC is now in the process of preparing determinations of equivalence based on regulatory outcomes for these jurisdictions, and has launched a process for review of the rules of a further seven jurisdictions.³⁷

In some instances, regulatory differences may be temporary and may be managed through appropriate transitional measures and a reasonable but limited transitional period.³⁸ In other instances, a longer term solution may be needed to address outstanding issues.³⁹ Other tools for the resolution of cross-border issues may be available, which jurisdictions may wish to consider; IOSCO is undertaking work to explore such tools (discussed in **Section 4.2.3.1**).

Complementing some of the unilateral and bilateral actions being undertaken to resolve some of the cross-border issues, a group of market regulators have been meeting multilaterally as the OTC Derivatives Regulators Group to work through a range of cross-border issues of common interest. This group published a report to the September 2013 G20 Leaders’ Summit which set out understandings with respect to many cross-border issues, while also identifying

³³ See: <http://www.cftc.gov/PressRoom/PressReleases/pr6802-13>.

³⁴ See: <http://www.cftc.gov/ucm/groups/public/@lrlattergeneral/documents/letter/13-67.pdf> and <http://www.cftc.gov/PressRoom/PressReleases/pr6852-14>.

³⁵ See: <http://www.cftc.gov/ucm/groups/public/@internationalaffairs/documents/file/cftc-jfsamoc031014.pdf>.

³⁶ Further detail available at <http://www.esma.europa.eu/news/ESMA-delivers-second-set-advice-EMIR-equivalence> and http://www.esma.europa.eu/system/files/2013-11/69_press_release_esma_advises_commission_on_equivalence_of_non-european_derivatives_rules.pdf.

³⁷ See http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/140213-otc-derivatives-technical-standards_en.pdf.

³⁸ In the US, for instance, the CFTC has extended conditional and sometimes time-limited no-action relief in areas such as: (i) reporting relief where foreign privacy laws restrict or prohibit the disclosure of a non-reporting counterparty’s identity information by a reporting counterparty ; (ii) requirements for certain non-US trading platforms and CCPs to register with the CFTC; (iii) reporting requirements for certain foreign entities; and (iv) transaction requirements for personnel or agents of non-US entities located in the US.

³⁹ The September 2013 progress report noted for example that some time limited solutions assist in “smoothing timing differences in the application of rules across different jurisdictions. They can only be temporary measures, however, and such delays [in bringing rules into effect] cannot be extended indefinitely. The use of substituted compliance or equivalence assessments may provide a path for longer term relief from compliance with overlapping regulatory regimes that have comparable outcomes.” See page 6 of the September 2013 progress report available at http://www.financialstabilityboard.org/publications/r_130902b.pdf.

issues where further work was needed.⁴⁰ Since then, the Regulators Group has agreed to report into G20 meetings over the course of 2014 on progress to resolve outstanding cross-border regulatory issues and provided the first of these reports in March 2014.⁴¹ This report sets out additional understandings and categorises the remaining cross-border implementation issues as follows: (i) cross-border issues for which the Regulators Group is working to develop approaches to address; (ii) cross-border issues on which Regulators Group members had previously reached understandings and are now working to implement; and (iii) cross-border issues that are being discussed in other multilateral or bilateral fora and which the Regulators Group is monitoring. The report also highlights that the Regulators Group members agreed:

- to consult each other on equivalence and substituted compliance assessments;
- with respect to margin for non-centrally cleared derivatives transactions, on the importance of minimizing the divergences, to the extent possible, from the international standards once implemented in each jurisdiction since such divergences might ultimately have consequences on the application of equivalence/substituted compliance regimes;
- to explore direct access as the preferred approach to ensuring that regulators have access to relevant data held in trade repositories consistent with their mandates, and explore and develop indirect access while the conditions for ensuring direct access are being established; and
- with respect to regulators access to a registrant's books and records in the supervisory context, to continue bilateral negotiations of MoUs and, where appropriate, ad-hoc arrangements, between regulators, and that the bilateral negotiations should consider appropriate involvement of the local authority, such as notification, regarding direct access to information of foreign registered entities and on-site examinations.

Ahead of the November 2014 G20 Leaders' Summit, the Regulators Group will publish a report on how it has resolved, or intends to resolve identified cross-border issues, and present a timetable for implementing the resolutions developed by the Regulators Group.

Additional efforts are underway by standard-setting bodies to help support cross-border coordination, including consistent application of existing international standards; see **Section 4** for further detail.

⁴⁰ OTC Derivatives Regulators Group, Report on Agreed Understandings to Resolving Cross-Border Conflicts, Inconsistencies, Gaps and Duplicative Requirements, August 2013; available at: http://www.esma.europa.eu/system/files/2013-08-odrg_otc_derivatives_regulators_group_august_report.pdf. As reported in the September 2013 progress report, this report from the Regulators Group set out several agreed understandings for the resolution of cross-border conflicts, inconsistencies, gaps and duplicative requirement, including agreement that: (i) consultation and communication when equivalence or substituted compliance assessments are being undertaken is essential; (ii) a flexible, outcomes-based approach should form the basis of final assessments regarding equivalence or substituted compliance; (iii) a stricter-rule approach would apply to address gaps in mandatory trading or clearing obligations; (iv) there is a framework, founded on IOSCO recommendations, for consultation among authorities on mandatory clearing determinations; (v) jurisdictions should remove barriers (i) to reporting to trade repositories by market participants with particular attention to removing barriers to reporting counterparty data and (ii) to access to trade repository data by authorities; and (vi) there should be appropriate transitional measures and a reasonable but limited transition period for foreign entities.

⁴¹ Report of the OTC Derivatives Regulators Group on Cross-Border Implementation Issues, March 2014; available at: http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/140331-odrg-report_en.pdf.

To further facilitate the resolution of cross-border issues, the FSB urges jurisdictions to:

- put in place their remaining legislation and regulation promptly and in a form flexible enough to respond to 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 ahead of the November G20 Summit on jurisdictions' frameworks in this regard; and
- continue to closely coordinate and cooperate as needed to promptly seek to resolve cross-border regulatory issues if and when they are identified.

3.3 Implementation issues in trade reporting

With trade reporting requirements coming into effect in 16 jurisdictions over the course of 2014, issues of data quality, access, aggregation and usability have become a priority for many authorities. While authorities in a number of jurisdictions are receiving large amounts of data and are beginning to use this in their regulatory functions, inconsistencies in data fields and formats across TRs and in approaches to reporting by entities have been identified as one of the challenges for aggregating and analysing data (including at the individual jurisdiction level). FSB member authorities reported that differences in reporting requirements – including counterparty coverage and information detail – can create challenges for using TR data. There continue to be legal obstacles to data sharing and access that might prevent firms from reporting counterparty information in certain cross-border transactions, or prevent authorities from direct access to data reported to a TR, for example, in circumstances where there is no TR in the authority's jurisdiction. These challenges appear greater for authorities wishing to access and use data for systemic risk assessment purposes, given the breadth and depth of data required to conduct such assessments. Given the potential for a transaction to be reported to multiple TRs, there are also concerns that it will not be possible to aggregate information from multiple TRs without double-counting an unknown volume of transactions.

Authorities are expecting very large volumes of information and have been working with industry to have data reported in consistent formats, to the extent possible. However, managing the sheer volume of the data and ensuring that it is 'usable' will, in and of itself, prove challenging. Market intelligence has also shown that TRs themselves have concerns about the ability to manage the data they receive as more jurisdictions put requirements in place. In the current environment, transaction reports can vary based on the entity providing the reports and, at times can be both inconsistent and incomplete.

These and other issues related to data standardisation are currently being discussed in the Aggregation Feasibility Study Group (AFSG) – see **Section 4.2.1** for more detail. Additionally, industry groups have begun coordinating to produce more standardised reports. Initiatives include work undertaken by TRs to report information in a more consistent format

to regulators (in some instance, at the request of the regulator) and industry's initiative on reporting in a consistent format.⁴²

3.4 Potential intermediary concentration and central clearing access

With OTC derivatives central clearing reforms moving forward, the shape of the central clearing industry is becoming better defined. As was discussed in **Section 2.2.2**, there has been some increase in the number of CCPs offering clearing, particularly for OTC interest rate derivatives, though the absolute number of CCPs operating in each OTC derivatives asset class is small. Market observation also suggests that the number of intermediaries offering client clearing services is increasing, though it remains the case that most of this activity is carried out globally by less than ten large banking groups and trading firms.

The current landscape for central clearing – where large volumes of trades (and notional outstandings) tend to be cleared by a relatively small number of intermediaries and CCPs – is not unanticipated, and largely reflects the significant economies of scale and scope associated with central clearing.⁴³ These potential concentrations may, however, have implications for risks in the financial system, which authorities have been aware of for some time.⁴⁴ With regards to access to central clearing, some authorities have noted a concern that client access to centrally cleared markets may be potentially limited, while recognising that clearing intermediaries have to balance risk management concerns of 'on-boarding' new clients with a market need for access to central clearing. While the potential for this has been discussed in previous progress reports, it has been particularly noted as a concern by some authorities from jurisdictions with smaller OTC derivatives markets, since it is anticipated that a relatively higher proportion of market participants in such jurisdictions may use client clearing services to access global CCPs, rather than accessing CCPs directly. A concern has also been noted regarding the understanding of the various levels of client protection available in the different client clearing models offered by some CCPs.

Clearing members therefore are a key component of the new clearing infrastructure, but further work is needed to determine if there are new or unmitigated risks associated with the services they are providing. Some authorities have expressed an interest in further analysis of how the default of a large client clearing firm might be managed, including aspects of liquidity and timely portability of client positions.

Some jurisdictions with smaller OTC derivatives markets noted that there may be issues unique to smaller markets or that certain identified issues may be more acute given the composition of their markets. Some authorities have expressed concern that the relatively small size of their markets may not provide a sufficient incentive for global infrastructure to

⁴² ISDA has a Data and Reporting Regulatory Implementation Committee that looks at worldwide implementation of reporting requirements and seeks to develop industry standards and best practices. See: <http://www2.isda.org/functional-areas/technology-infrastructure/data-and-reporting>. ISDA also has an FpML standards committee that focuses more specifically on technical standardisation. See <http://www.fpml.org/wgroup/index.html>.

⁴³ See, for instance, BIS (2010), Market structure developments in the clearing industry: implications for financial stability, CPSS Publication 92, November (available at: <http://www.bis.org/publ/cpss92.pdf>).

⁴⁴ Considerations in this area are discussed in more detail in BIS (2011), *The macrofinancial implications of alternative configurations for access to central counterparties in OTC derivatives markets*, CGFS Publications No 46, November; (available at: <http://www.bis.org/publ/cgfs46.pdf>). See also section 2.5 of the FSB's September 2013 OTC derivatives progress report.

provide services in their jurisdictions given the additional compliance costs. Further, participants from jurisdictions with smaller OTC derivatives markets may also have to post margin in non-local currency, a trend that authorities in those jurisdictions are monitoring for signs of any macroprudential risk. Alternatively, some authorities have suggested that global infrastructures may choose to pursue recognition applications in larger jurisdictions first, possibly due to resource limitations and timing constraints, or due to the lack of commercial attractiveness of smaller markets. This is potentially at the detriment of smaller jurisdictions that expect to rely on global infrastructure providers to implement the reforms. Jurisdictions should therefore monitor the potential development of issues in cross-border access to client clearing.

3.5 Four safeguards for CCPs

As noted in **Section 2.2**, in 2012 the G20 acknowledged substantial progress in the four safeguards for CCPs. Since that time, many jurisdictions have not provided additional information specific to the four safeguards.⁴⁵ Most of the above concerns have been recognised by policy makers for some time and fit within one of the four categories. Several international policy workstreams have looked to mitigate some of the more specific risks identified, including:

- international standards that set out more robust requirements for CCPs' financial resources to cover credit and liquidity events, with more stringent requirements for CCPs clearing complex instruments or systemically important in multiple jurisdictions;
- relatedly, authorities have been working towards a 'no technical obstacles' regime for CCP liquidity;
- robust portability and segregation standards;
- proposed quantitative disclosure standards for CCPs;⁴⁶ and
- ways in which market participants might be able to collect CCP risk information on a confidential basis, to inform their decisions as to which CCPs they might use for central clearing.⁴⁷

Further, recovery and resolution regimes are being developed and put in place for CCPs and other FMIs, as part of addressing concerns around 'single points of failure' in the financial system.

⁴⁵ See paragraph 39 of the June 2012 Leaders Declaration, available at: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/131069.pdf.

⁴⁶ In part to enable the extent of concentration to be monitored, CPSS-IOSCO has consulted on a proposed set of quantitative disclosure standards for CCPs, including indicators of portability and segregation arrangements, clearing member access and participation, and tiered participation arrangements (including client clearing). This is discussed further in **Section 4.1.4**.

⁴⁷ See, for instance, Payments Risk Committee (2013), *Recommendations for Supporting Clearing Member Due Diligence of Central Counterparties*, February, available at: http://www.newyorkfed.org/prc/files/report_130205.pdf.

3.6 Oversight of financial market infrastructure

Efficient and effective cooperation amongst authorities on FMIs is a critical aspect of OTC derivatives reform. ‘Responsibility E’ of the CPSS-IOSCO PFMIs says, “Central banks, market regulators, and other relevant authorities should cooperate with each other, both domestically and internationally, as appropriate, in promoting the safety and efficiency of FMIs.” Authorities should actively engage one another to ensure that they are able to meet their respective mandates in the evolving regulatory landscape. Relevant authorities should be encouraged to work together to ensure that sufficient cooperative arrangements are put in place to promote the safety and efficiency of the FMI and to mutually support the needs of the relevant authorities. Cooperation can take many forms, and the form, degree and formalisation of cooperation should aim to promote the efficiency and effectiveness of the cooperation, which may include multilateral cooperative arrangements.

4. Progress in international workstreams to support effective reforms

Much of the international guidance for OTC derivatives reforms has been finalised. The current international workstreams can largely be categorised in one of two groups: (i) standards and guidance to complete reforms; or (ii) work to assess or support the effectiveness of the reforms in meeting the underlying G20 objectives of improving transparency, mitigating systemic risk and protecting against market abuse. The international work over the course of the year will help put in place final standards and guidance, while also responding to issues arising from implementation.

Over the course of 2014, the following international standards and/or guidance are expected: (i) final BCBS capital standards for treatment of banks' exposures to CCPs; (ii) a report from IOSCO, in consultation with BCBS and CPSS, on risk mitigation standards for non-centrally cleared derivatives; (iii) publications by the FSB and CPSS-IOSCO on, respectively, the resolution and recovery of FMIs; and (iv) CPSS-IOSCO quantitative disclosure standards for CCPs (complementing the qualitative disclosure framework already included in the PFMIs). There are also other reforms that may have an indirect impact on derivative markets (such as the leverage ratio); these are not considered in this section.

Work that is being carried out to assess or support the effectiveness of reforms in meeting the G20 objectives is focused on the following themes: (i) trade reporting, transparency, and standardisation; (ii) central clearing and incentives for central clearing; and (iii) cross-border coordination and implementation assessment. Given the overlaps and interdependence between many of these workstreams, it is important that standard-setting bodies and other international groupings continue to coordinate with each other.

4.1 Completion of international standards

4.1.1 Capital requirements for bank exposures to CCPs

The development of a final approach for capitalising counterparty credit risks arising from exposures to CCPs is nearly complete. A consultative document on this was published by the BCBS in June 2013⁴⁸, with final guidance expected by April 2014.

Related to this, the BCBS recently finalised a new standardised approach for assessing counterparty credit risk associated with derivative transactions.⁴⁹ This methodology will replace existing methods for measuring counterparty risk (namely the Current Exposure Method and the Standardised Method) when the new standard takes effect on 1 January 2017. The methodology will also be employed in setting capital requirements for bank exposures to CCPs.

4.1.2 Risk mitigation requirements for non-centrally cleared derivatives

IOSCO has established a working group to develop standards for risk mitigation requirements for non-centrally cleared derivatives. In part, this workstream reflects discussions in the

⁴⁸ BCBS (2013), *Capital treatment of bank exposures to central counterparties - consultative document*, June; available at: <http://www.bis.org/publ/bcbs253.pdf>.

⁴⁹ BCBS (2014), *The standardised approach for measuring counterparty credit risk exposures*, March; available at: <http://www.bis.org/publ/bcbs279.pdf>.

Regulators Group where inconsistencies in jurisdictions' approaches to risk mitigation requirements had been identified as an impediment to resolving some cross-border regulatory issues. It is envisioned that the working group will develop these standards for areas including documentation, trade confirmation, portfolio reconciliation, portfolio compression, valuation and dispute resolution. The working group (in consultation with BCBS and CPSS) plans to release a consultation paper in mid-2014, and the final report by end-2014.

4.1.3 Recovery and resolution of FMIs

The consultation periods for both the CPSS and IOSCO consultation report on recovery of FMIs and the FSB implementation guidance on FMI resolution have now closed, and both reports are being finalised.⁵⁰ The CPSS-IOSCO FMI recovery report is intended to provide guidance on how FMIs can observe the requirement in the PFMI that they have rules and procedures to address any credit losses and liquidity shortfalls, and that they have appropriate and viable recovery plans. The guidance is also designed to be consistent with those parts of the FSB *Key Attributes of Effective Resolution Regimes* (Key Attributes) that concern recovery plans.⁵¹ The report focuses on: (i) general aspects of the process and content of recovery planning for FMIs (including how the plans relate to the rest of an FMI's risk management and to resolution); and (ii) an analysis of specific recovery tools that FMIs might use.

The FSB implementation guidance on the resolution of FMIs and FMI participants, which will take the form of a new Annex to the Key Attributes, supplements the Key Attributes by indicating how particular elements of Key Attributes should be interpreted when applying to resolution regimes for FMI or specific classes of FMI. Among other things, it elaborates on resolution powers for FMIs; cross-border cooperation arrangements for crisis management purposes that build on arrangements under the PFMI; considerations for resolution planning for FMIs; and certain objectives as regards resolution planning for FMI participants and FMI rules and procedures governing participant default. The final report on FMI recovery and the implementation guidance on FMI resolution are expected to be published by CPSS and IOSCO and the FSB, respectively, in the first half of 2014.

4.1.4 Quantitative disclosure requirements for central counterparties

In October 2013, the CPSS and IOSCO released a consultative document on public additional quantitative disclosure standards for CCPs.⁵² It sets out certain quantitative data that a CCP may be expected to publish regularly to meet the PFMI principle on transparency. It thus complements the disclosure framework for FMIs, published in December 2012, which focusses more on qualitative information. Together the two documents are designed to assist CCP's stakeholders (including participants – direct, indirect and prospective) to better

⁵⁰ CPSS-IOSCO (2013), *Recovery of financial market infrastructures – Consultative report*, August; available at: <http://www.bis.org/publ/cpss109.pdf>; and FSB (2013), *Assessment Methodology for the Key Attributes of Effective Resolution Regimes for Financial Institutions*, August; available at: https://www.financialstabilityboard.org/publications/r_130828.pdf.

⁵¹ FSB (2013), *Application of the Key Attributes of Effective Resolution Regimes to Non-Bank Financial Institutions – Consultative Document*, August; available at: http://www.financialstabilityboard.org/publications/r_130812a.pdf.

⁵² CPSS-IOSCO (2013), *Public quantitative disclosure standards for central counterparties - consultative report*; October; available at: <http://www.bis.org/publ/cpss114.pdf>.

understand the CCP's risks and risk controls. CPSS and IOSCO are in the process of preparing a final version of the report.

4.2 Supporting effective reform implementation

4.2.1 Trade reporting, standardisation, and market transparency

4.2.1.1 Feasibility study on approaches to aggregating OTC derivatives data

In response to a call from G20 Finance Ministers and Central Bank Governors, the FSB has launched a feasibility study on how OTC derivatives data from trade repositories can be aggregated so as to facilitate comprehensive monitoring of risks to financial stability.

The study group published a consultation paper that discusses key requirements and challenges involved in the aggregation of TR-held OTC derivatives data, and that proposes criteria for assessing different aggregation models. The paper assesses the legal challenges and data and technological considerations associated with three different potential solutions, taking into account the need for any solution to be effective in meeting the needs of various authorities for a robust and comprehensive view of the global OTC derivatives market. The consultation paper does not propose a recommendation on the choice of model. A final report will be published by the end of May 2014.

4.2.1.2 Legal Entity Identifier (LEI)

Considerable progress has been made in bringing local operating units online. As at end-March 2014, 22 institutions sponsored by Regulatory Oversight Committee (ROC) member authorities have been recognised by the ROC as pre-Local Operating Units (pre-LOUs), with more expected soon. The Global LEI Foundation (GLEIF), which is to house the Central Operating Unit of the Global Legal Entity Identifier System, is being established as a Swiss not-for-profit foundation. The implementation of the Global LEI System⁵³ is expected to contribute to and facilitate many financial stability objectives, including: improved risk management; better assessment of micro and macroprudential risks; facilitation of orderly resolution; containing market abuse and curbing financial fraud; higher overall quality and accuracy of financial data. At the request of the ROC, the FSB is acting as the founder of GLEIF and is currently working with the Swiss authorities to establish the GLEIF.

4.2.1.3 Coordination related to standardisation of transaction reporting

As highlighted in **Section 2.1**, further work on standardisation relating to TR reporting across several aspects of OTCD reform is still greatly needed. As implementation progresses, issues around standardisation in this area range from the need for basic consistency in the abbreviations and terminology used in reporting transactions through to regulatory differences in the content and process for reporting. Over the past several months, industry led initiatives in some jurisdictions have been focused on producing reports in a more uniform fashion to regulators. However, much work is still needed to support standardisation in how information is provided to trade repositories in the first instance. Further work on standardisation (i.e.

⁵³ The ROC Charter and June 2012 FSB report, *A Global Legal Entity Identifier for Financial Markets*, sets out the purposes for the Global LEI. Report available at: http://www.financialstabilityboard.org/publications/r_120608.pdf.

product and process standardisation, and unique product and transaction identifiers) is still needed and could be strengthened through dedicated international workstreams.⁵⁴

4.2.1.4 Potential impact of post-trade transparency requirements in the CDS market

IOSCO is engaged in a project that seeks to analyse the potential impact of post-trade transparency requirements on the CDS market. To carry this forward, the IOSCO Task Force on OTC Derivatives Regulation is soliciting input from CDS market participants to gauge whether – and, if so, how – post-trade public transparency in the global CDS market may impact the market and activities of its participants. The Task Force is supplementing this input by reviewing prior relevant IOSCO work, surveying academic literature on post-trade transparency in credit markets, and conducting a preliminary data analysis regarding how the introduction of mandated post-trade transparency may be affecting the CDS market. The Task Force plans to issue a consultation report in October 2014 and to submit a final report to the IOSCO Board for publication in the second quarter of 2015.

4.2.2 Central clearing and incentives for central clearing

4.2.2.1 Assessing incentives created by OTC derivatives regulatory reform

The OTC Derivatives Assessment Team (OTC DAT)⁵⁵ is endeavouring to assess incentives to centrally clear OTC derivatives. For this purpose, the OTC DAT has developed a stylised framework for examining whether certain regulatory changes proposed and agreed by the standard-setting bodies create appropriate incentives for market participants to centrally clear. The OTC DAT has also undertaken a quantitative impact study, collecting data to shed additional light on the structure of incentives. The intent is to publish a report by June 2014.

4.2.2.2 Central information repository on central clearing requirements

The February 2012 IOSCO report on requirements for mandatory clearing recommended that the establishment of a central information repository to consolidate information on jurisdictions' clearing requirements be explored. Following this recommendation, IOSCO is in the process of establishing a central information repository. The central information repository is now available to IOSCO members. IOSCO aims to develop a suitable portal so that the central information repository can be made available to the public at an appropriate stage.

4.2.2.3 CPSS work on developments in collateral management services

The CPSS has established a working group to identify and analyse current developments in collateral management services, such as aggregation of collateral information, collateral optimisation services and collateral transformation services offered by large custodians and FMIs. This work is aimed at gaining a clearer understanding of the domestic and cross-border

⁵⁴ There are several workstreams underway in this area. For instance, the CFTC is undertaking work in this area through its 'Interdivisional Working group to Review Regulatory Reporting' which has been asked to 'consider data field standardisation and consistency in reporting among market participants.' <http://www.cftc.gov/PressRoom/PressReleases/pr6837-14>. Other work in this area is being undertaken by the ODSG, as well as through ad hoc projects between regulators and market participants.

⁵⁵ The OTC Derivatives Assessment Team (OTC DAT) was established by the OTC Derivatives Coordination Group, which is comprised of the chairs of FSB, BCBS, CGFS, CPSS and IOSCO. Members of the OTC DAT have been drawn from the Bank of Canada, Bank of England, Banque de France, Deutsche Bundesbank, Federal Reserve Bank of New York, Japan Financial Services Agency, de Nederlandsche Bank and Sveriges Riksbank.

settlement processes associated with current and proposed collateral management services (meant to support market participants' increased demands for collateral) as well as the associated risks.

4.2.3 Cross-border coordination and implementation monitoring

4.2.3.1 Task Force on Cross-Border Regulation

IOSCO's Task Force on Cross-Border Regulation is mandated to study, consider and describe cross-border regulatory tools with a view to:

- developing a Tool Kit (and common nomenclature) about regulatory options for use by IOSCO members;
- describing issues and experiences with the use of those techniques; and
- laying a foundation, if appropriate, for the development of guidance to achieve the co-ordinated use of the Tool Kit – in the best interests of investors and in fostering fair and efficient global securities markets.

The remit of the IOSCO Task Force on Cross-Border Regulation is broad and high level. The remit includes seeking to identify cross-border techniques employed by securities regulators across the full range of market activities falling under their oversight, including a stock-taking of cross-border approaches used by regulators, which are bound to vary depending on the underlying subject matter. The Task Force notes that the Regulators Group is considering issues associated with cross-border approaches to OTC derivatives regulation. In undertaking its mandate, the Task Force will take into account, and avoid any duplication or overlap with, the work of the Regulators Group and other multilateral international groups whose purpose is to consider cross-border issues in the implementation of OTC derivatives reforms.

The Task Force has conducted a survey of IOSCO members about regulatory tools they use or are aware of to address cross-border regulatory issues. A consultation paper summarizing the findings of the survey will be issued with feedback sought from a variety of stakeholders in the first half of 2014. A final report is expected to be published by the November G20 Leaders' Summit.

4.2.3.2 CPSS-IOSCO implementation monitoring of PFMI

CPSS and IOSCO are in the process of a three-stage implementation monitoring program.⁵⁶ The PFMI implementation monitoring process will be helpful in identifying and assessing issues where potential differences in applying the requirements to FMIs may emerge. The Level 1 assessments have shown that the relevant authorities in almost all jurisdictions have or have obtained the legal capacity to comply with the responsibilities contained in the PFMI.⁵⁷ With respect to the application of the principles to FMIs, most jurisdictions have

⁵⁶ This approach is broadly similar to that originally adopted by the BCBS, in which the initial stage (Level 1) is about how much progress a jurisdiction has made in adopting the regulatory framework needed to implement the PFMI; Level 2 will assess whether the content of the regulatory framework is complete and consistent with the PFMI; and Level 3 will be designed to assess whether there is consistency in the outcomes of implementation of the PFMI.

⁵⁷ CPSS and IOSCO (2013), *Implementation Monitoring of PFMI – Level 1 assessment report*, August; available at <http://www.bis.org/publ/cpss111.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD419.pdf>. This assessment was based primarily on self-assessments by the authorities concerned and covered all but one of the FSB member jurisdictions. The remaining FSB jurisdiction, Indonesia, is participating in the second round of Level 1 assessments. The

(Footnote continued next page.)

begun the process of implementing the necessary regulatory framework, and many are well along the way, but few have completed it for all FMI types.

The next Level 1 assessment is scheduled to take stock of the situation as at January 2014 with a view to be published in May 2014.

Detailed plans for carrying out Level 2 assessments are now being developed for approval in Q1 2014 by CPSS and IOSCO. The initial focus will be on jurisdictions with large global central counterparties and trade repositories. The first Level 2 assessment is expected to be published in H2 2014.

The Level 2 assessments will further inform CPSS and IOSCO about potential challenges and interpretative issues which may require further attention of CPSS and IOSCO.

4.2.3.3 BCBS-IOSCO monitoring of margin requirements for non-centrally cleared derivatives

In February 2014, the BCBS and IOSCO Board approved the monitoring group's workplan that will evaluate the final framework for margin requirements for non-centrally cleared derivatives, which was released in September 2013. The monitoring group will work on the following three areas which will result in near term progress reports that can be used to assess the state of implementation, readiness, and efficacy and appropriateness of the requirements, consistent with the goals set forth in the monitoring and evaluation section of the final margin framework.

1. Assessing progress on the national implementation of margin requirements.
2. Reviewing industry implementation of margin requirements.⁵⁸
3. Reviewing the relation and consistency of margin requirements with other regulatory initiatives.

There are in addition two further areas of work that relate to the longer term objective of monitoring the implementation of margin requirements once they are in place:

4. Assessing the liquidity impact of margin requirements.
5. Evaluating the exemptions to margin requirements.

It is envisioned that the work of the monitoring group would begin in 2014 and work relating to items 1, 2 and 3 would be completed at the end of 2014. The work of monitoring the impact of the requirements and the use and effects of the exemptions (items 4 and 5) will begin as margining requirements come into force through national regulation and data on their effects becomes available. The monitoring group will consider, if feasible, whether work relating to item 4 could be commenced in parallel with work relating to items 2 and 3.

PFMIs consist of 24 principles applying to FMIs and five responsibilities for central banks, market regulators, and other relevant authorities for FMIs in implementing these principles.

⁵⁸ The industry is developing a harmonised methodology for the implementation of internal models used for initial margin calculations. This initiative is aimed at facilitating the implementation of these new requirements and limits the number of collateral disputes. International coordination for the supervisory assessment of this industry model might have to be considered to mitigate the risks associated with a fragmented approach that would defeat the benefits expected from this industry initiative.

Appendix A: Timetable for implementation of trade reporting commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Argentina	<i>Rules requiring exchanges to register bilateral transactions previously published</i>		Implementation of rules requiring exchanges to register transactions begins on March 1 <i>(Argentina reports that most trading is done on exchange.)</i>				
Australia	Reporting requirement effective on an 'opt-in' basis, including reporting to prescribed, cross-border TRs.	Mandatory reporting requirements for certain entities (remaining requirements to be phased in)		'Reporting entities' with \geq \$50m OTC notional outstanding required to report credit and interest rate derivatives		'Reporting entities' with \geq \$50m OTC notional outstanding required to report other asset classes; remaining 'Reporting entities' required to report credit and interest rate	Remaining 'Reporting entities' required to report other asset classes
Brazil	<i>Legislation previously adopted</i>						
Canada		[November:] Rules adopted in Ontario, Québec and Manitoba			Market participants expected to comply with reporting requirements in Ontario, Québec and Manitoba		
China							
European Union			The reporting obligation has been effective for all asset classes, for OTC and listed derivatives since the 12 th of February.				
Hong Kong	<i>To provide for the regulatory framework for the OTC derivatives market, the relevant Bill was tabled before the Legislative Council on 10 July 2013.</i> <i>Interim reporting requirements took effect from 5 August 2013</i>			Public consultation on draft rules expected to be conducted in H1 2014. Subject to completion of the necessary legislative process, the new regulatory regime, including implementation of mandatory reporting obligation, is expected to be adopted by H1 2014		Subject to completion of the necessary legislative process, the new regulatory regime, including implementation of mandatory reporting obligation, is expected to take effect around Q4 2014	

Appendix A: Timetable for implementation of trade reporting commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
India	Improvements regarding the granularity of data captured by the TR in the existing reporting arrangements for interbank and client OTC FX derivatives were made.	A reporting platform to capture certain client and inter-bank transactions. Banks and PDs are required to report these trades on the reporting platform as of December 30, 2013.					
Indonesia	<i>Reporting requirements will remain required only for certain types of derivatives (i.e. foreign exchange and interest rate derivatives).</i>						
Japan	<i>Legislation adopted in May 2010 Reporting requirements implemented in November 2012, with a transition period until April 2013.</i>						
Republic of Korea		CCPs expected to report transactions	March 3, clearing company stores and manages clearing transaction information and reports to the FSC				
Mexico	<i>Banks and brokerage firms required to report transactions to Banco de Mexico since 2005</i>	Regulation to require local CCPs to provide TR services for cleared transactions and to accept reports received from entities who voluntarily report in process for issuance.	Regulation to require local CCPs to provide TR services for cleared transactions and to accept reports received from entities who voluntarily report to be issued. Requirement to report credit derivative transactions to Banco de Mexico comes into force during 2014.			Final regulation to require local CCPs to provide TR services for cleared transactions and to accept reports received from entities who voluntarily report to come into effect (9 months after being issued).	

Appendix A: Timetable for implementation of trade reporting commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Russia			Begin the process of harmonization of the legislation to comply with PFMI; modification of the close-out netting.		On 24th of June, reporting obligation will finally enter into force and will cover all derivatives		
Saudi Arabia	<i>Trade reporting requirements and an operating local TR came into effect in December 2012.</i>						
Singapore	TR licensing regime in force 1 August 2013. Reporting requirements published for consultation	Trade reporting requirements effective 31 Oct 2013. Implementation is being phased in over 2014 by market participant type and by product types.					
South Africa	<i>Legislation became effective in Q2 2013</i>						Anticipate reporting requirement for all interest rate derivatives. Other asset classes to be phased in over the following 12 months.
Switzerland		Draft legislation published on December 13, 2013				Legislation anticipated to be adopted	Reporting requirements to be phased in
Turkey	<i>Legislation previously adopted</i>			Draft regulations for TRs registration/recognition anticipated to be published.	Draft regulations for reporting obligations anticipated to be proposed.	Registration/ Recognition of TRs. Reporting obligations are anticipated to be published.	Reporting should become effective, based on operation of TR
United States	<i>CFTC reporting required for all non-financial entities for all asset classes.</i>						

Appendix B: Timetable for implementation of central clearing commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Argentina							
Australia	The Australian regulators recommended that the Australian Government consider a central clearing mandate for OTC interest rate derivatives transactions, denominated in British pounds, euros, Japanese yen and US dollars.		The Australian Government commenced consultation on the application of a clearing obligation to OTC interest rate derivatives transactions, denominated in British pounds, euros, Japanese yen and US dollars.	Subject to Government approval, ASIC intends to undertake consultation on the making of Rules in relation to the application of a clearing obligation to OTC interest rate derivatives transactions, denominated in British pounds, euros, Japanese yen and US dollars. The Australian regulators recommended that the Australian Government consider a central clearing mandate for trades between internationally active dealers in Australian dollar-denominated interest rate derivatives.			
Brazil	<i>Brazil has existing authority to adopt clearing requirements, as needed.</i>						
Canada		December: Clearing Model Provincial Rule published	January: Segregation and Portability Model Provincial Rule published			Provincial rules to be adopted in Ontario, Québec and Manitoba	Market participants expected to comply by mid-2015
China		PBC has permitted Shanghai Clearinghouse to launch CCP clearing service for RMB IRS on Dec. 31, 2013					

Appendix B: Timetable for implementation of central clearing commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
European Union			CCPs begin to be permitted to operate.	Publication of a consultation paper by ESMA on the central clearing obligation.		Central clearing regulatory technical standards adopted	Central clearing regulatory technical standards in force
Hong Kong	<i>To provide for the regulatory framework for the OTC derivatives market the relevant bill was tabled before the Legislative Council on 10 July 2013.</i>			Subject to completion of the necessary legislative process, the new regulatory regime is expected to be adopted in H1 2014.	Public consultation on the draft rules expected to be conducted H2 2014	See information for Q3 2014	It is expected that mandatory clearing obligations will become effective, and the implementation of the clearing obligation will be phased in by different types of market participants.
India			Optional CCP based clearing [will be] operational by 2014 for IRS.			<p>For FX forwards and swaps, optional guaranteed central clearing facility is already in place and CCP based clearing will be made mandatory for all interbank trades by end of 2014.</p> <p>Mandatory CCP based clearing is proposed to be made operational by end of 2014 for FX options, depending on the development of the market.</p>	<p>Based on the experience of central clearing of IRS trades, a decision that will mandate this will be taken by 2015.</p> <p>With respect to currency, if the market develops for IRS in foreign currency and IRS option in foreign currency sufficiently by 2015, then mandatory CCP clearing will be introduced for this segment. The same applies to the CDS market as well. If the market develops adequately by 2015, then CCP based CDS contracts may be introduced by end-2015.</p> <p>Introduction of CCP clearing for FX options would be reviewed by March 2015, subject to improvement in</p>

Appendix B: Timetable for implementation of central clearing commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Indonesia							liquidity. An economic incentive in accordance with Basel III requirements is the preferred approach to be introduced for non-cleared OTC derivatives transactions
Japan	<p><i>Legislation adopted in May 2010.</i></p> <p><i>Clearing requirements implemented beginning with certain CDS and IRS products.</i></p> <p>JFSA is considering expanding the scope of products and entities subject to clearing obligation.</p>		Japan Securities Clearing Corporation (JSCC) begins to provide client clearing services in February 2014.				
Republic of Korea			March 3., Voluntary clearing starts for prescribed OTC derivatives	June 30, Prescribed OTC derivatives subject to clearing requirement			
Mexico		Regulation allowing local CCPs to clear OTC derivatives and strengthening its operation and management in process for issuance.	Final regulation allowing local CCPs to clear OTC derivatives and strengthening its operation and management to be issued. Regulation to declare standardised OTC contracts and the central clearing mandate to be issued during 2014.	Final regulation strengthening CCP operation and management comes into effect.			

Appendix B: Timetable for implementation of central clearing commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Russia		Central clearing services are introduced for certain types of contracts at the Moscow Exchange	Begin the process of amending legislation to harmonize legislation with PFMI (Principle 14: Segregation and portability)				
Saudi Arabia	<i>Establishing a TR was the first step towards an eventual establishment of both CCPs and/or electronic exchanges as the current and future volume of OTC products is expected to remain low. Regulatory authorities are empowered to enact rules and establish both exchanges and CCPs, as needed, should future market re-assessments indicate such a need.</i>						
Singapore	CCP licensing regime in force 1 Aug 2013.			Central clearing requirements to be consulted upon.		Central clearing requirements expected to be effective in H2 2014.	
South Africa	<i>Legislation previously adopted and effective</i>			Authorities expected to commence consultation on the application of a clearing obligation to OTC interest rate derivatives.			Ongoing market assessment to determine whether further obligations are required.
Switzerland		Draft legislation published on December 13, 2013				Legislation anticipated to be adopted	Clearing obligations to be phased in

Appendix B: Timetable for implementation of central clearing commitment

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Turkey	Legislation adopted. CCP is authorized to centrally clear products traded on exchange. Implementing by-regulation put into force regarding Stock Borrowing and Lending Market.		Implementing by-regulation put into force regarding Futures and Options Market operated under Exchange Istanbul.			Draft regulations anticipated to be published regarding Securities Market.	Draft regulations for OTC Derivatives anticipated to be published
United States	CFTC: Clearing by third-party subaccounts, ERISA plans and all others of IRS and CDS.	CFTC: Clearing by third-party investment managers and certain pension plans of CDS on European corporate names.					

Appendix C: Timetable for implementation of commitment to execute transactions on exchanges or electronic platforms, where appropriate

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Argentina							
Australia	The Australian regulators commit to continuing to monitor developments in other jurisdictions and seek more detailed information on activity in the Australian market, with a view to more clearly defining the characteristics of suitable trading platforms.			The Australian regulators commit to continue to monitor developments to gauge the implications of overseas regimes for methods of execution and liquidity in the Australian OTC derivatives market, and more generally monitor evolving trends in the utilisation of electronic trading platforms.			
Brazil	<i>Legislative changes in consultation or proposal</i>						
Canada ⁵⁹					Consultation for Model Provincial Rules in Ontario, Québec and Manitoba		Adoption of Provincial Rules in Ontario, Québec and Manitoba
China							
European Union			The European Commission, the European Parliament and the Council have reached a political agreement on MiFID / MiFIR.	Final adoption of Level 1 legislation (MiFID / MiFIR) is expected by Q2 2014.			

⁵⁹ Enabling legislation is in place in Ontario, Québec, the provinces where the vast majority of Canadian OTC derivatives transactions are booked by value, and Manitoba.

Appendix C: Timetable for implementation of commitment to execute transactions on exchanges or electronic platforms, where appropriate

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Hong Kong	<i>To provide for the regulatory framework for the OTC derivatives market the relevant bill was tabled before the Legislative Council on 10 July 2013.</i>			Subject to completion of the necessary legislative process, the new regulatory regime, which will give regulators the power to impose mandatory trading obligation, is expected to be adopted by H12014			
India					Electronic trading platform for interbank trades in IRS would be put in place by September 2014.		<p>FX forward trades will be able to be traded in CCIL's FX-SWAP trading platform for certain maturities. Subject to trades attaining a substantial volume, the possibility of setting up a separate electronic platform for FX forwards will be re-examined.</p> <p>Review regarding mandatory execution of trades in standardised FX swaps on the recognised trading platforms would be made by March 2015. Presently trading platform developed by CCIL and Reuters are available for trading in FX swaps, but there is no requirement.</p> <p>Reserve Bank agrees in principle to put a Trading Platform in place for FX options by March 2015.</p>

Appendix C: Timetable for implementation of commitment to execute transactions on exchanges or electronic platforms, where appropriate

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Indonesia	<i>Exchange/electronic trading platform requirements remain effective only for certain types of derivatives</i>						
Japan	<p><i>Legislation adopted in September 2012.</i></p> <p>JFSA is considering the details of the regulation.</p>						Mandatory use of the ETP will take effect by September 2015.
Republic of Korea	Policy options are under review						
Mexico		Regulation to strengthen the operation and management of electronic platforms in process for issuance.	<p>Final regulation to strengthen the operation and management of electronic platforms to be issued.</p> <p>Regulation to declare trading on exchange/electronic platforms of standardised OTC contracts to be issued during 2014.</p>	Regulation to strengthen the operation and management of electronic platforms to come into effect (90 days after being issued).			
Russia							

Appendix C: Timetable for implementation of commitment to execute transactions on exchanges or electronic platforms, where appropriate

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Saudi Arabia	<p><i>Establishing a TR was the first step towards an eventual establishment of both CCPs and/or electronic exchanges as the current and future volume of OTC products is expected to remain low.</i></p> <p><i>Regulatory authorities are empowered to enact rules and establish both exchanges and CCPs, as needed, should future market re-assessments indicate such a need.</i></p>						
Singapore				OTC trading platform licensing regime to be consulted upon		Legislation for OTC trading platform licensing regime and trading requirements expected to be adopted	
South Africa							
Switzerland		Draft legislation published in Dec. 13				Legislation anticipated to be adopted	Exchange/trading requirements to be phased in
Turkey							
United States		CFTC: Deadline for swap execution facilities to register with the CFTC.	CFTC: Certain IRS and CDS contracts subject to mandatory trading requirements				

Appendix D: Timetable for implementing capital requirements for non-centrally cleared derivatives

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Argentina							
Australia	<i>The Basel III capital requirements came into force on 1 January 2013 which imposes a higher capital requirement on non-centrally cleared trades.</i>						
Brazil	<i>Previous regulation already effective</i>						
Canada	<i>Basel III came into effect on 1 Jan 2013, with the exception of the CVA capital charge.</i>		January: CVA capital charges implemented				
China							
European Union			CRD IV/CRR entered into force on June 28, 2013. CRR has direct and legally binding effect in all member states of the EU as of 1 January, 2014. CRD IV must be implemented by all EU member states as of the same date. CRD IV/CRR implement the Basel III framework.				
Hong Kong	<i>The legislation came into operation on 1 Jan. 2013.</i>				Subject to BCBS' finalisation of the non-internal model method for counterparty credit risk and the revised capital treatment for bank exposures to CCPs, develop policy proposal for the implementation of the above standards.		To complete industry consultation and legislation process for the implementation of the above standards in accordance with the timeline set by BCBS.

Appendix D: Timetable for implementing capital requirements for non-centrally cleared derivatives

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
India			Rules on Capital Requirements for Banks' Exposures to Central Counterparties will become effective from January 1, 2014 that will significantly reduce the capital requirement for centrally cleared products. In addition, CVA capital charge for non-centrally cleared derivative will also become effective from January 1, 2014.				
Indonesia				A preliminary study will be conducted by BI during 2014.			Further study and deliberations by relevant Indonesian authorities will be conducted at the earliest in 2015 as prerequisite steps before the Indonesian authorities could consider adopting the requirements into a domestic regulation.
Japan	<i>[Capital requirements implemented when Basel III requirements were applied to banks and some securities companies]</i>						
Republic of Korea		CVA capital charge for non-centrally cleared derivatives was implemented.		Rules on capital requirements for Banks exposures to Central Counterparties are scheduled to become effective from June 30.			

Appendix D: Timetable for implementing capital requirements for non-centrally cleared derivatives

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Mexico	<i>Capital requirements implemented in 2006; centrally cleared derivatives are risk weighted at 0% for credit risk purposes, and non-centrally cleared derivatives are risk weighted according to the counterparty (risk weighted from 20%-150%)</i>				New capital requirements for counterparty credit risk in derivatives to be defined during 2014.		
Russia							
Saudi Arabia	<i>SAMA fully implemented the Basel III framework for implementation as of 1st January 2013, including the measure to incentivize Banks to move towards dealing with CCP's by adopting the BCBS Capital requirements for exposures to CCP's.</i>						
Singapore	<i>The Basel III framework (including the CVA risk capital charge) came into force on 1 Jan 2013</i>						
South Africa	<i>Effective for banks from Q1 2013, but with a CVA exemption for ZAR denominated OTC derivatives.</i>				Capital requirements for non-bank derivative dealers expected to be publically consulted on.		
Switzerland							

Appendix D: Timetable for implementing capital requirements for non-centrally cleared derivatives

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Turkey				Draft regulation on higher capital requirements for non-centrally cleared trades and counterparty risk management principles is expected to go for public consultation.			
United States							

Appendix E: Timetable for implementation of margin requirements for non-centrally cleared derivatives

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Argentina							
Australia							Implementation according to BCBS-IOSCO Framework, subject to the available national discretion as expected under the implementation transition program.
Brazil							Rules for margining requirements will be issued in 2015.
Canada							Implementation according to BCBS-IOSCO Framework
China							
European Union						Regulatory technical standards on margin requirements adopted	Regulatory technical standards on margin requirements begin to enter into force Q4 2015
Hong Kong							
India							Rules for Margining requirements will be issued in 2015.
Indonesia	<i>Reports that currently no entities meet the margin requirements' thresholds.</i>						
Japan	JFSA is considering the details of the domestic implementation for margin requirements based on the international principles finalised by the BCBS-IOSCO.						

Appendix E: Timetable for implementation of margin requirements for non-centrally cleared derivatives

Country	H2 2013		2014				2015
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	
Republic of Korea	Policy options are under review						
Mexico					Margin requirements for non-centrally cleared derivatives to be defined during 2014.		
Russia							
Saudi Arabia	<i>SAMA is currently reviewing the Basel margining requirements and will adopt these as appropriate</i>						
Singapore							As per the BCBS-IOSCO framework and timetable
South Africa							As per the BCBS-IOSCO framework and timetable
Switzerland		Draft legislation published on Dec. 13				Legislation anticipated to be adopted	Margins requirements to be phased in
Turkey							
United States	<i>Proposed rules were published in 2011 by the US prudential regulators and the CFTC, and in 2012 by the SEC. The US prudential regulators and the CFTC are now drafting revised proposals in light of the BCBS-IOSCO September 2013 framework.</i>						

Appendix F: Trade repositories

TR name	Location	Authorities with which TR is licensed, registered or holds an exemption	CO	CR	EQ	FX	IR
Banco de Mexico	Mexico	N/A	■	■	■	■	■
Bank of Korea	Korea	N/A	■	■	■	■	■
BM&F Bovespa	Brazil	CVM, BCB	■	■	■	■	■
BSDR LLC	US	CFTC	■	■	■	■	■
CCIL	India	RBI	■	■	■	■	■
CETIP	Brazil	CVM, BCB	■	■	■	■	■
Chicago Mercantile Exchange Inc	US	CFTC	■	■	■	■	■
CME European Trade Repository	UK	ESMA	■	■	■	■	■
DTCC-DDR	US	CFTC	■	■	■	■	■
DTCC Data Repository – Japan	Japan	JFSA	■	■	■	■	■
DTCC-DDRL	UK	ESMA	■	■	■	■	■
DTCC Data Repository – Singapore	Singapore	MAS	■	■	■	■	■
Financial Supervisory Service	Korea	N/A	■	■	■	■	■
HKMA-TR	Hong Kong	N/A	■	■	■	■	■
ICE Trade Vault	US	CFTC	■	■	■	■	■
ICE Trade Vault Europe	UK	ESMA	■	■	■	■	■
INFX SDR	US	CFTC	■	■	■	■	■
KDPW Trade Repository	Poland	ESMA	■	■	■	■	■
Korea Exchange (KRX)	Korea	Korea FSC	■	■	■	■	■
Nasdaq OMX	Sweden	ESMA	■	■	■	■	■
CJSC National Settlement Depository (NSD)	Russia	Bank of Russia	■	■	■	■	■
REGIS-TR	Luxembourg	ESMA	■	■	■	■	■
OJSC “Saint-Petersburg Exchange” (SPBEX)	Russia	Bank of Russia	■	■	■	■	■
SAMA TR	Saudi Arabia	SAMA	■	■	■	■	■
UnaVista	UK	ESMA	■	■	■	■	■
Total operating			18	18	17	20	22
Total not yet operating			1	2	1	2	1
Total			19	20	18	22	23

■ Operating (TR is both accepting reports and making them available to authorities in the indicated asset class as at April 2014) ■ Not yet operational

Sources: FSB member jurisdictions; various TRs.

Appendix G: Central counterparties clearing OTC derivatives

CCP name	Location	Authorities with which CCP is licensed, registered or holds an exemption	CO	CR	EQ	FX	IR
ASX Clear	Australia	ASIC			■		
ASX Clear (Futures)	Australia	ASIC, RBA					■
BM&F BOVESPA	Brazil	CVM, BCB	■		■	■	■
BME Clearing	Spain	Comisión Nacional del Mercado de Valores, Ministerio de Economía y Hacienda	■		■		
Cantor Clearinghouse	US	CFTC				■	
CCIL	India	RBI				■	■
CDCC	Canada	AMF (Québec), BoC			■		
CME Clearing Europe	UK	BoE	■			■	■
CME Group	US	CFTC, BoE, SEC	■	■		■	■
Eurex Clearing	Germany	BaFin, Bundesbank, BoE, CFTC (Pending)		■			■
ECC	Germany	BaFin, Bundesbank	■				
HKEx (OTC Clearing Hong Kong Limited)	Hong Kong	HK SFC				■	■
Holland Clearing House	The Netherlands	De Nederlandsche Bank, Autoriteit Financiële Markten			■		
ICE Clear Credit	US	CFTC, SEC		■			
ICE Clear Europe	UK	BoE, CFTC, SEC	■	■		■	
JSCC	Japan	JFSA, CFTC (pending)		■			■
KDPW CCP	Poland	Polish Financial Supervision Authority (KNF)					■
Korea Exchange	Korea	Korea FSC					■
LCH.Clearnet LLC	US	CFTC					■
LCH.Clearnet Ltd.	UK	FCA, BoE, CFTC, ASIC, RBA; pursuant to exemptions in Canada, Germany, Switzerland	■			■	■
LCH.Clearnet SA	France	AMF (France), ACP, BdeF, BoE, CFTC		■			
Nasdaq OMX Stockholm	Sweden	Swedish Financial Supervisory Authority	■		■	■	■
NADEX	US	CFTC	■			■	
CJSC JSCB National Clearing Centre	Russia	Bank of Russia				■	■
Natural Gas Exchange	Canada	Alberta Securities Commission, CFTC	■				
OCC	US	CFTC, SEC			■		
OMI Clear	Portugal	Portuguese Securities Market Commission	■				
SGX Derivatives Clearing	Singapore	MAS, CFTC	■			■	■
Shanghai Clearing House	China	PBC		■		■	■
Total operating			12	6	7	9	16
Total not yet operating or status unknown			0	1	0	4	0
Total			12	7	7	13	16

■ Operating (offering central clearing for the indicated asset class as at April 2014)
 ■ Not yet operational

Sources: FSB member jurisdictions; various CCPs.

Appendix H: International regulatory workstreams

ONGOING WORK

Issue	Action	Responsible	Status
Standardisation (benchmarking)	On-going submission of agreed improved standardisation matrices: <ul style="list-style-type: none"> - matrices for all asset classes to include provision of absolute numbers of contracts; - matrices for all asset classes to be submitted semi-annually. 	ODSG	Next sets of populated standardisation matrices for all 5 asset classes due 31 March 2014; work ongoing.
Standardisation (product)	Ongoing work on product standardisation by signatories to March 2011 roadmap, ⁶⁰ including development, publication and use of standardised product documentation.	ODSG	No timetable set; work ongoing.
Standardisation (process)	Ongoing work on process standardisation by signatories to March 2011 roadmap, including the design, implementation and take-up of automated processes and electronic platforms for key business functions.	ODSG	No timetable set; work ongoing.
TR data aggregation	G20 mandated feasibility study on approaches to aggregate OTC derivatives data.	FSB	Report published by May 2014.
Legal Entity Identifier	Work to put in place the legal and institutional framework for the governance and operational component of the global LEI system.	LEI ROC	Global LEI system to be launched on a self-standing basis by mid-2014.
Capital requirements	Proposed revisions to capital adequacy requirements for counterparty credit risk.	BCBS	Final standard expected in H1 2014.
Capital requirements	Proposed revisions to capital adequacy requirements for capitalisation of trade and default fund exposures to CCPs.	BCBS	Final standard expected in H1 2014.

⁶⁰ Roadmap, published in March 2011 of industry initiatives and commitments relating to four thematic objectives: increasing standardisation; expanding central clearing; enhancing bilateral risk management; and increasing transparency; see October 2011 progress report, available at: <http://www.newyorkfed.org/newsevents/news/markets/2011/SCL0331.pdf>.

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Issue	Action	Responsible	Date finalised
STANDARDISATION			
Industry commitment to increase standardisation	Roadmap of industry initiatives and commitments, including commitment to increase standardisation and develop, for each asset class, a Standardisation Matrix to indicate industry progress in product and process standardisation. ⁶¹	ODSG	Strategic Roadmap published March 2011
Product standardisation: credit, equity and interest rates	Signatories to the March 2011 roadmap submitted second set of populated Standardisation Matrices for credit, equity and interest rate asset classes	ODSG	Standardisation data for Q1 and Q2 2011 submitted September 2011
Standardisation legend for commodity derivatives	Draft standardisation legend for commodities derivatives published by signatories to March 2011 roadmap	ODSG	Draft standardisation legend published in September 2011
Product standardisation: credit, equity and interest rates	Signatories to the March 2011 roadmap submitted third set of populated Standardisation Matrices for credit, equity and interest rate asset classes	ODSG	Standardisation data for Q3 and Q4 2011 submitted March 2012
Product standardisation: foreign exchange	Signatories to the March 2011 roadmap submitted agreed improved standardisation matrices for foreign exchange and commodity derivatives.	ODSG	First set of standardisation data for foreign exchange and commodity derivatives delivered June 2012
Product standardisation: credit, equity and interest rates	Signatories to the March 2011 roadmap submitted fourth set of populated Standardisation Matrices for credit, equity and interest rate asset classes	ODSG	Standardisation data for Q1 and Q2 2012 submitted September 2012
Production standardisation: all asset classes	Signatories to the March 2011 roadmap submitted populated Standardisation Matrices for Q3 and Q4 2011 for all asset classes.	ODSG	Standardisation data for Q3 and Q4 2012 submitted March 2013
REPORTING TO TRADE REPOSITORIES			
Reporting to trade repositories	Work on access by authorities to data reported to trade repositories	CPSS and IOSCO	Consultative report published in April 2013; final report published in August 2013. ⁶²
Data reporting and aggregation	Report on OTC derivatives data reporting and aggregation requirements, outlining the OTC derivatives data that should be collected, stored and disseminated by TRs. ⁶³	CPSS and IOSCO	Published in January 2012

⁶¹ See major market participants' 'roadmap' letter of March 2011.

⁶² <http://www.bis.org/publ/cpss110.pdf>.

⁶³ <http://www.bis.org/publ/cpss100.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD366.pdf>.

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Issue	Action	Responsible	Date finalised
Principles for TRs	Principles for Financial Market Infrastructures ⁶⁴ , including TRs, consisting of principles for FMIs and responsibilities for authorities. Principles for Financial Market Infrastructures: Disclosure Framework and Assessment Methodology. ⁶⁵	CPSS and IOSCO	Published in April 2012 Assessment Methodology and Disclosure Framework published in December 2012
Legal Entity Identifier	Report on 'A Global Legal Entity Identifier for Financial Markets' setting out 35 recommendations for the development and implementation of a global LEI system. ⁶⁶	FSB	Report published in June 2012
Access to TR data	Report on access by authorities to data reported to TRs. ⁶⁷	CPSS and IOSCO	Final report published in August 2013
Legal Entity Identifier	Global LEI system to be launched on self-standing basis. ⁶⁸	FSB	LEI Regulatory Oversight Committee established in Jan 2013
CENTRAL CLEARING			
Implications of configurations for CCP access	Report on the macro-financial implications of alternative configurations for access to CCPs in OTC derivatives markets. ⁶⁹	CGFS	Published in November 2011
Requirements for mandatory clearing	Report on Requirements for Mandatory Clearing setting out recommendations for the establishment of mandatory clearing regimes in relation to: <ul style="list-style-type: none"> - determination of whether a product should be subject to mandatory clearing; - potential exemptions; - communication between authorities and with the public; - cross-border issues in the application of mandatory clearing requirements; - ongoing monitoring and review of the process and application of a requirement for mandatory clearing.⁷⁰ 	IOSCO	Published in February 2012

⁶⁴ <http://www.bis.org/publ/cpss101a.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf>.

⁶⁵ <http://www.bis.org/publ/cpss106.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD396.pdf>.

⁶⁶ http://www.lei.org/publications/gls/roc_20120608.pdf.

⁶⁷ <http://www.bis.org/publ/cpss110.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD417.pdf>.

⁶⁸ 'Progress note on LEI initiative'; available at: http://www.financialstabilityboard.org/publications/r_130308.pdf.

⁶⁹ <http://www.bis.org/publ/cgfs46.pdf>.

⁷⁰ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD374.pdf>.

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Issue	Action	Responsible	Date finalised
Principles for CCPs	Principles for Financial Market Infrastructures (PFMIs) ⁷¹ , consisting of principles for FMIs and responsibilities for Central Banks, market regulators and other relevant authorities. Assessment Methodology for Principles for FMIs and Responsibilities for Authorities; Disclosure Framework for FMIs, providing a template to assist FMIs in providing comprehensive disclosure. ⁷²	CPSS and IOSCO	Published in April 2012 Assessment Methodology and Disclosure Framework each published in December 2012
Central clearing	Revision of BCBS supervisory guidance for managing settlement risk in foreign exchange transactions. ⁷³	BCBS	Updated guidance published in February 2013
FMI Resolution	Guidance on FMI resolution and input into assessment methodology for the Key Attributes of Effective Resolution Regimes to ensure that it adequately reflects specificities of resolution regimes for CCPs.	FSB in consultation with CPSS-IOSCO	Draft guidance on resolution and resolution published in August 2013. ⁷⁴
FMI Recovery	Guidance to FMIs on the development of comprehensive and effective recovery plans.	CPSS and IOSCO	Consultative report published in August 2013. ⁷⁵
CCP Disclosure	Proposed quantitative disclosure requirements for CCPs	CPSS and IOSCO	Consultative report published in October 2013. ⁷⁶
EXCHANGE AND PLATFORM TRADING			
Trading of OTC derivatives	Report on trading of OTC derivatives, analysing: <ul style="list-style-type: none"> - the characteristics of exchanges and electronic platforms, - the characteristics of OTC derivatives products relevant to exchange or electronic platform trading, - the costs and benefits associated with exchange or electronic platform trading of OTC derivatives, and - methods of increasing the use of exchanges or electronic platforms for trading in the derivatives markets.⁷⁷ 	IOSCO	Published in February 2011

⁷¹ <http://www.bis.org/publ/cpss101a.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf>.

⁷² <http://www.bis.org/publ/cpss106.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD396.pdf>.

⁷³ <http://www.bis.org/publ/bcbs241.pdf>.

⁷⁴ http://www.financialstabilityboard.org/publications/r_130812a.pdf.

⁷⁵ <http://www.bis.org/publ/cpss109.pdf>.

⁷⁶ <http://www.bis.org/publ/cpss114.pdf>.

⁷⁷ <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD345.pdf>.

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Issue	Action	Responsible	Date finalised
Trading of OTC derivatives	Report on Follow-on Analysis to the Report on Trading, addressing: <ul style="list-style-type: none"> - the types of (multi-dealer and single-dealer) trading platforms available for the execution of OTC derivatives transactions; - the different approaches of regulators to mandatory trading of OTC derivatives on organised platforms; - how single and multi-dealer platforms address issues such as the ability to customise contracts, the approach to pre and post-trade transparency and market monitoring capabilities.⁷⁸ 	IOSCO	Published in January 2012
CAPITAL AND MARGIN REQUIREMENTS			
Capitalisation of exposures from non-centrally cleared derivatives	Publication enhanced and interim capital rules for exposures to counterparty credit risk arising from non-centrally cleared derivatives (as part of Basel III capital framework). ⁷⁹	BCBS	Basel III capital framework published December 2010
Capitalisation of trade and default fund exposures to CCPs	Interim regulatory capital adequacy rules for capitalisation of trade and default fund exposures to CCPs (published after two consultative reports). ⁸⁰	BCBS	Interim rules published in July 2012
Capital requirements	Proposed revisions to capital adequacy requirements for counterparty credit risk.	BCBS	Consultative paper published in June 2013. ⁸¹
Capital requirements	Proposed revisions to capital adequacy requirements for capitalisation of trade and default fund exposures to CCPs.	BCBS	Consultative paper published in June 2013. ⁸²
Final report on margin requirements for non-centrally cleared derivatives	International standards on margin requirements for non-centrally cleared derivatives. ⁸³	BCBS and IOSCO (in consultation with CPSS and CGFS)	Final standards published in September 2013

⁷⁸ <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD368.pdf>.

⁷⁹ http://www.bis.org/publ/bcbs189_dec2010.pdf.

⁸⁰ <http://www.bis.org/publ/bcbs227.pdf>.

⁸¹ <http://www.bis.org/publ/bcbs254.pdf>.

⁸² <http://www.bis.org/publ/bcbs253.pdf>.

⁸³ <http://www.bis.org/publ/bcbs261.pdf> and <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD423.pdf>.

Appendix I: Glossary of international organisations and selected terms

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CCP	Central counterparty
CGFS	Committee on the Global Financial System
CPSS	Committee on Payment and Settlement Systems
ESMA	European Securities and Markets Authority
FMI	Financial market infrastructure
FSB	Financial Stability Board
IOSCO	International Organization of Securities Commissions
ISDA	International Swaps and Derivatives Association
LEI	Legal entity identifier
ODRF	OTC Derivatives Regulators' Forum
ODSG	OTC Derivatives Supervisors Group
ODWG	FSB OTC Derivatives Working Group
OTC	Over-the-counter
OTC DAT	OTC Derivatives Assessment Team
PFMIs	CPSS-IOSCO Principles for financial market infrastructures
Regulators Group	OTC Derivatives Regulators Group
ROC	LEI Regulatory Oversight Committee
TR	Trade repository
Trading platforms	Exchanges or electronic trading platforms
WGMR	Working Group on Margin Requirements

Appendix J: 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
	Jeanmarie Davis (representing CPSS) Senior Vice President, Financial Market Infrastructure Function Financial Institution Supervision Group Federal Reserve Bank of New York
	Patrick Pearson Acting Director, Financial Markets Directorate General Internal Market and Services European Commission
Australia	Oliver Harvey Senior Executive Leader, Financial Market Infrastructure Australian Securities and Investments Commission
Brazil	Leonardo P Gomes Pereira Chairperson Comissão de Valores Mobiliários (CVM)
Canada	Stéphane Lavoie Deputy Chief, Financial Markets Department Bank of Canada
China	Li Shujing Director of Information and Statistics Division Department of Futures Supervision I China Securities Regulatory Commission
	Kong Yan Director, Bonds Products Supervision Division People's Bank of China
France	Carole Uzan Deputy Head of Markets Regulation Division Autorité des marchés financiers (AMF)
Germany	Thomas Schmitz-Lippert Executive Director, International Policy/Affairs Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
	Martin Ockler Higher Executive Officer, Financial Stability Department Deutsche Bundesbank

Hong Kong	Daryl Ho Head of Market Development Division Hong Kong Monetary Authority
Japan	Jun Mizuguchi Assistant Commissioner for International Affairs Financial Services Agency
Korea	Ko Sunyoung Deputy Director, Capital Market Division Financial Services Commission
Singapore	Rosemary Lim Deputy Director, Capital Markets Policy Monetary Authority of Singapore
South Africa	Natalie Labuschagne Director, Financial Markets and Competitiveness Tax and Financial Sector Policy National Treasury
Switzerland	Michael Manz Head, International Finance and Financial Stability Swiss Federal Department of Finance FDF State Secretariat for International Finance SIF
UK	Anne Wetherilt Senior Advisor Bank of England
	Tom Springbett Manager, OTC Derivatives and Post Trade Policy Financial Conduct Authority
US	Warren Gorlick Associate Director, Office of International Affairs Commodity Futures Trading Commission
	Kim Allen Senior Special Counsel, Derivatives Policy Securities and Exchange Commission
	Erik Heitfield Chief, Risk Analysis Section Federal Reserve Board of Governors
ECB	Andreas Schönenberger Principal Market Infrastructure Expert in the Oversight Division Directorate General Payment and Market Infrastructure

BIS	Andreas Schrimpf Economist, Monetary and Economic Department
IMF	Eija Holttinen Senior Financial Sector Expert
BCBS	Giuseppe Siani Head, International Cooperation Division Bank of Italy
CPSS	Klaus Löber Head of Secretariat
IOSCO	David Wright Secretary General
FSB	Rupert Thorne Deputy to the Secretary-General
	Mark Chambers Member of Secretariat
	Uzma Wahhab Member of Secretariat