

OTC Derivatives Market Reforms

Eighth Progress Report on Implementation

7 November 2014

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1. Executive Summary

Implementation of the OTC derivatives market reforms that were begun following the global financial crisis is not yet complete, but progress has continued to be made in reform areas across jurisdictions and further progress is anticipated for 2015.¹ The adoption of legislation, where this has been a necessary first stage of the reform process, is nearing completion.

The extent of implementation of detailed regulations varies across jurisdictions and across policy reform areas. The greatest progress to date has been in adopting regulations implementing higher capital requirements for non-centrally cleared derivatives and trade reporting requirements, which are each now at least partially effective in more than three-quarters of FSB member jurisdictions. Implementation in other reform areas is also proceeding, though timetables stretch well into 2015 and beyond. Measures to promote trading on exchanges or electronic trading platforms continue to take longer than those in other reform areas.

Overall, the shape of the regulatory landscape across jurisdictions has become clearer since the previous progress report in April. In particular, there is more certainty around the implementation and functioning of regulation in some of the largest jurisdictions. International standards and guidance in key areas (such as bank capital requirements for central clearing exposures, and recovery and resolution for financial market infrastructures) have been finalised. In addition, bilateral and multilateral discussions addressing outstanding cross-border issues have intensified over the course of 2014.

The availability of market infrastructure, and market participants' use of that infrastructure, continues to gradually broaden. The adoption of regulatory frameworks and the development of infrastructure are mutually supportive. In particular, the availability of market infrastructure (such as trade repositories (TRs) or central counterparties (CCPs)) may, in many instances, be a factor in shaping jurisdictions' decisions regarding detailed regulatory requirements.

¹ In September 2009, G20 Leaders agreed in Pittsburgh that: "All standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements. We ask the FSB and its relevant members to assess regularly implementation and whether it is sufficient to improve transparency in the derivatives markets, mitigate systemic risk, and protect against market abuse." (Paragraph 13). Available at: https://www.g20.org/sites/default/files/g20_resources/library/Pittsburgh_Declaration_0.pdf

In November 2011, G20 Leaders in Cannes further agreed: "We call on the Basel Committee on Banking Supervision (BCBS), the International Organization for Securities Commission (IOSCO) together with other relevant organizations to develop for consultation standards on margining for non-centrally cleared OTC derivatives by June 2012." (Paragraph 24). Available at: https://www.g20.org/sites/default/files/g20_resources/library/Declaration_eng_Cannes.pdf

It is important that jurisdictions take remaining implementation steps to ensure the G20 reform commitments are achieved, and to help resolve the various implementation issues that are being identified as authorities move forward with their reforms. Full implementation of the reforms can help ensure that the objectives of the reforms set out by the G20 Leaders – improved transparency, systemic risk mitigation and protection against market abuse – are maximised.²

Figure 1.1 provides a summary of the state of regulatory reform progress across FSB member jurisdictions, including anticipated developments over the first half of 2015.

Section 2 and **Appendices A to E** provide more detail on jurisdictional progress in each commitment area. Many authorities are making progress in implementation for most of the commitment areas, but some practical implementation issues that have been identified are discussed further in **Section 3**.

Summarising developments across the various commitment areas:

Trade reporting

- As of November 2014 the majority (16) of FSB member jurisdictions³ have trade reporting requirements in effect for one or more product and participant types, though specific reporting requirements currently vary across jurisdictions. By end-2015, all but one jurisdiction are expected to have trade reporting requirements in effect for at least some product classes. As of end-October 2014, 13 FSB member jurisdictions have TRs that are permitted⁴ to receive transaction reports for at least some asset classes. Globally, there are 23 TRs currently operational, spanning all asset classes.
- Legal barriers to reporting, including issues around privacy and blocking statutes, continue to be a focus, as do issues around authorities' access to TR information. Some authorities report that barriers to reporting into TRs continue to result in reporting of only partial data, with masking of the identity of counterparties. If unaddressed, these barriers to the reporting of complete information to TRs undermine the underlying objectives of the G20 reforms. Accordingly, the OTC Derivatives Regulators Group (the Regulators Group)⁵ has called for deadlines to be

² See, for example, BIS (2013), *Macroeconomic impact assessment of OTC derivatives regulatory reforms*, August, for a discussion of the overall economic benefits and costs of certain planned OTC derivatives regulatory reforms; available at <http://www.bis.org/publ/othp20.pdf>.

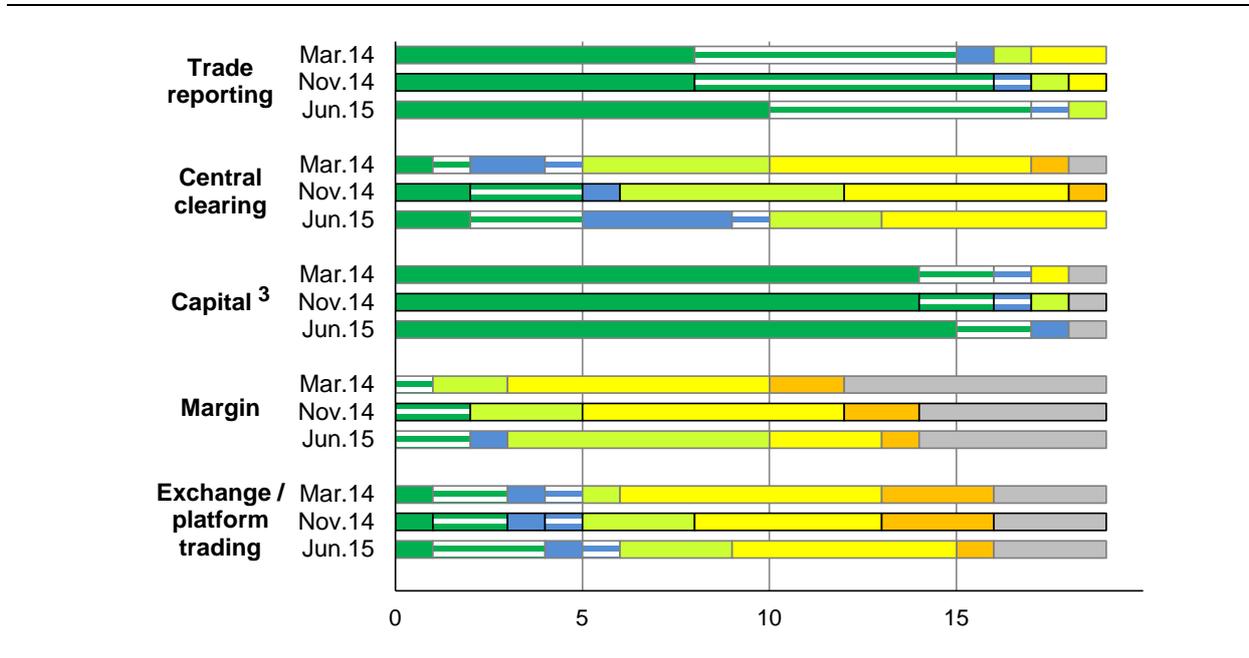
³ Throughout this report, references to FSB member jurisdictions treat European Union member states as one jurisdiction, given that relevant regulatory reforms are being applied at an EU-wide level.

⁴ 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.

⁵ The Regulators Group includes principals of the following authorities: Australian Securities and Investments Commission; Comissão de Valores Mobiliários (Brazil); European Commission; European Securities and Markets Authority; Hong Kong Securities and Futures Commission; Japan Financial Services Agency; Ontario Securities Commission; l'Autorité des marchés financiers du Québec; Monetary Authority of Singapore; Swiss Financial Market

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 published for consultation or proposed
- Legislative framework adopted (or not applicable)
- Legislative frameworks in consultation or proposed
- Legislative/regulatory steps not planned

¹ Reforms to legislative and regulatory frameworks; Apr.14 is status as provided for April 2014 progress report; Nov.14 is (anticipated) status as at publication of this report; June.15 is jurisdictions’ anticipated status at that date based on current information. ² EU member states counted as one jurisdiction (see footnote 3 of this report). ³ Adoption of Basel III standards.

Source: FSB member jurisdictions.

established for removing such barriers. The FSB and other bodies are working to identify and address these legal barriers to reporting and information access and sharing, including through any legal or regulatory changes if necessary.

- Authorities also continue to face challenges regarding the usability of data held by TRs; resolving these issues is a priority. While a majority of jurisdictions have introduced trade reporting obligations, the usefulness of this data in supporting

Supervisory Authority; US Commodity Futures Trading Commission; and US Securities and Exchange Commission. For the OSC, CFTC and SEC, references to “principals” and “ODRG members” are to the Chairs of their respective agencies and not the full bodies.

monitoring of financial stability risks is limited by data quality issues (including the formatting, completeness and accuracy of data). The FSB published in September a report on the ability of authorities to globally aggregate TR data, together with planned next steps to work with standard-setting bodies to, among other things, develop global guidance on harmonisation of reported data elements, promote the development and implementation of uniform global Unique Transaction Identifiers (UTIs) and Unique Product Identifiers (UPIs), as well as study and address any necessary legal or regulatory changes.

Central clearing

- As of November 2014, five jurisdictions report having some central clearing requirements in effect (for selected interest rate, credit and FX derivatives products); this is expected to increase to 10 jurisdictions by end-2015. By that time another five expect to have some central clearing requirements adopted but not yet effective, or to be in the process of consulting on or proposing such requirements.
- The extent to which CCPs clearing OTC derivatives have been authorised (or have pending authorisation) is uneven across FSB member jurisdictions and asset classes. Central clearing has been available for certain asset classes for some time; for instance, CCPs clearing interest rate derivatives are available for use by participants in the majority of jurisdictions. However, availability of central clearing in other asset classes is more limited across jurisdictions at present, and these gaps seem to have influenced the substance and timing of mandatory clearing requirements in some jurisdictions. Where CCPs are operating, it remains the case that few are currently permitted to operate in more than one or two jurisdictions; the concurrent availability of CCPs in multiple jurisdictions is particularly important where transactions are cross-border in nature.
- Authorities continue to monitor the availability of CCPs and clearing arrangements presently in place, including the role of firms in providing client access and related services, and the risk management practices of clearing intermediaries. International workstreams are monitoring implementation of standards and providing additional guidance regarding central clearing, including CPMI-IOSCO ongoing monitoring of *Principles for financial market infrastructures* (PFMI) implementation, and CPMI-IOSCO and FSB work on recovery and resolution for financial market infrastructures (FMIs).⁶

Capital and margin requirements

- Basel III standards for banks' counterparty credit risk-related capital treatment of centrally cleared and non-centrally cleared derivatives exposures are now complete, including final standards for the treatment of banks' exposures to CCPs (and related methodological changes) published in April 2014; requirements implementing these standards are expected to start to take effect at the end of 2015, with the final set of

⁶ As of 1 September 2014, the BIS' Committee on Payment and Settlement Systems (CPSS) has been renamed the Committee on Payments and Market Infrastructures (CPMI). See BIS press release, available here: <http://www.bis.org/press/p140901.htm>.

requirements expected to take effect at the start of 2017. As of November 2014, the majority (16) of FSB member jurisdictions have requirements fully or partially in effect to implement Basel III standards (though these may not yet incorporate recent standards on bank exposures to CCPs).

- The BCBS-IOSCO margin standards for non-centrally cleared derivatives set out timelines to phase in requirements beginning in December 2015. A number of jurisdictions report developing their frameworks consistent with these timelines, though only two jurisdictions report that margin rules are at least partially effective and a further three report they have reached the stage of having rules in consultation or proposed. Some jurisdictions that do not yet have next steps planned have noted that participants in their jurisdictions do not meet certain thresholds that would trigger some margin requirements.⁷

Exchanges and electronic trading platforms

- As previously reported, most jurisdictions have adopted the necessary legislative frameworks to support increased use of exchanges and electronic trading platforms for OTC derivatives contracts, where appropriate, but progress in adopting specific requirements is more limited. Three jurisdictions have mandatory trading requirements effective. Since the publication of the April 2014 progress report, four jurisdictions noted taking new or additional steps towards implementing legislation and/or regulation to meet this commitment area (including the adoption of MiFID II and MiFIR in the EU).

Progress in cross-border coordination and meeting G20 goals

- Authorities continue to report that satisfactory and timely resolution of cross-border regulatory issues is needed to ensure that reform implementation meets underlying G20 goals. Some authorities have noted that there remain issues of conflicts, inconsistencies, gaps and duplications in regulatory requirements applying in cross-border contexts. The G20 Leaders, in their September 2013 St. Petersburg declaration, highlighted that, as a tool for addressing these issues, jurisdictions 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 regulatory regimes.⁸ To provide more information about existing deference processes and arrangements, the FSB published a report in September 2014 summarising the status of member jurisdictions' capabilities and processes to defer to one another's OTC derivatives

⁷ The BCBS-IOSCO framework states that standards regarding the requirement to exchange variation margin between covered entities only apply to new contracts entered into after 1 December 2015. This is also the date by which the framework specifies that requirements to exchange variation margin are expected to become effective. The framework also states a timeline for phasing in two-way initial margin requirements. See BIS (2013), *Margin requirements for non-centrally cleared derivatives*, September; available at: <http://www.bis.org/publ/bcbs261.pdf>.

⁸ Paragraph 71 of the September 2013 G20 Leaders' St Petersburg Declaration; available at: https://www.g20.org/sites/default/files/g20_resources/library/Saint_Petersburg_Declaration_ENG.pdf.

market regulatory regimes.⁹ The G20 Finance Ministers and Central Bank Governors in September 2014 encouraged jurisdictions to defer to each other when it is justified, in line with the St. Petersburg G20 Leaders' Declaration in September 2013.¹⁰

- As noted in the FSB's September 2014 report, most jurisdictions have established or are establishing frameworks and processes for applying deference where justified. This information, together with the forthcoming IOSCO report on cross-border regulatory tools, can help to inform any further work done to better understand the circumstances under which deference and other regulatory tools could be used effectively. The Regulators Group, in the context of its work to implement understandings in the area of equivalence and substituted compliance, is continuing to consider how deference to foreign regimes will work in practice and is well positioned to take such work forward. The FSB encourages jurisdictions and regulators to defer to each other when it is justified, in line with the St. Petersburg G20 Leaders' Declaration in September 2013.
- The Regulators Group is continuing its work to address cross-border implementation issues. The Regulators Group recently published its second report of this year, which provides an update to the G20 on further progress in resolving identified cross-border implementation issues.¹¹ For the November 2014 G20 Leaders' Summit, the Regulators Group will report how it has addressed or intends to address identified cross-border issues, with timelines where appropriate.

The FSB will continue to report on OTC derivatives reform implementation in 2015, monitoring jurisdictional progress and considering the effectiveness of reforms in meeting the underlying G20 objectives.

⁹ FSB (2014), *Jurisdictions' ability to defer to each other's OTC derivatives market regulatory regimes – FSB report to G20 Finance Ministers and Central Bank Governors*, September; available at: http://www.financialstabilityboard.org/publications/r_140918.pdf.

¹⁰ Paragraph 6 of the September 2014 Finance Ministers and Central Bank Governors Communiqué; available at: https://www.g20.org/sites/default/files/g20_resources/library/Communique%20G20%20Finance%20Ministers%20and%20Central%20Bank%20Governors%20Cairns.pdf.

¹¹ Available at: http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/oia_odrgreportg20_0914.pdf.

2. Progress in jurisdictional and market reform implementation

Legislation is generally in place to implement reforms and jurisdictions report making continued progress towards implementation of technical requirements to meet the G20's OTC derivatives reform commitments. The status of reform across commitment areas continues to vary. Most jurisdictions have some trade reporting requirements (16 jurisdictions) as well as capital requirements (16 jurisdictions) in force already. Jurisdictions also continue to make progress in the implementation of their commitment for central clearing of standardised OTC derivatives contracts, albeit at a slower pace than for reporting and capital requirements.

Looking ahead, by end-2014 all 19 FSB member jurisdictions will have or expect to have at least some reporting requirements in force, or legislation or requirements adopted. Likewise, 16 will have or expect to have capital requirements in force. By end 2015 it is expected that 10 jurisdictions will have mandatory clearing requirements for some products in effect. The availability of market infrastructure continues to gradually increase, though CCP availability continues to vary considerably across jurisdictions and this is also shaping where mandatory clearing requirements are in effect or are being considered. Several jurisdictions report that they are continuing to monitor their markets and are seeking to align their regimes with those of other jurisdictions when considering whether and which requirements to adopt in this commitment area. Some jurisdictions continue to primarily rely on incentives, such as existing and prospective capital and margin requirements, in promoting central clearing of transactions.¹² In terms of participant usage of central clearing, client clearing of interest rate derivative transactions has more than doubled in the past year, and the proportion of new interest rate and credit derivatives transactions that are centrally cleared remains significant. However, a large proportion of dealers' existing derivatives transactions (as measured by aggregate notional outstandings) remains non-centrally cleared.

For both margin requirements for non-centrally cleared derivatives and trading on exchanges or electronic trading platforms (together, "organised trading platforms"), momentum for reform implementation is still gathering, and few jurisdictions have taken formal legislative or regulatory "next steps." A globally agreed framework for margin requirements was published in September 2013, stating that variation margin requirements are expected to come into force for certain defined entities by 1 December 2015, and including expected timetables for implementation phase-in of two-way initial margin for market participants beginning late 2015 and through 2019.¹³ **Section 2.4** notes that for jurisdictions where market participants meet the thresholds applying from December 2015, frameworks should be finalised soon to ensure enough time to develop and finalise the necessary models systems, processes and agreements.¹⁴

¹² For background on FSB member approaches to central clearing, see November 2012 publication of *Jurisdictions' declared approaches to central clearing of OTC derivatives*; available at http://www.financialstabilityboard.org/publications/r_121105a.htm.

¹³ See BIS (2013), *Margin requirements for non-centrally cleared derivatives*, September; available at <http://www.bis.org/publ/bcbs261.pdf>.

¹⁴ Several jurisdictions noted that near-term regulatory steps were not needed since the initial margin phase-in timetable did not apply to participants in their jurisdictions, but that reforms would be implemented as needed to ensure the timetable is met.

With respect to the commitment to trade standardised OTC derivatives contracts on organised trading platforms, some jurisdictions have taken additional regulatory or legislative steps since the April 2014 progress report, such as adopting or proposing relevant legislation, and consulting on rules. Other jurisdictions report conducting reviews of their market to determine whether requirements would be appropriate at this time. The timing and substance of requirements to trade on organised trading platforms vary across jurisdictions.

As noted in earlier progress reports, the use of organised trading platforms can help to improve transparency and protect against market abuse in part through an increase in pre- and post-trade transparency. Jurisdictions have reported making or considering steps towards requiring pre-trade and/or post-trade transparency through the facilities of organised trading platforms as well as trade repositories.

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.

Table 2.1

Summary of National Progress of OTC Derivatives Market Reforms¹

Reforms to government frameworks

| | Status of applicable legislation | | | | | Status of implementing regulation | | | | |
|------------------------------------|---|------------------|---------|--------|-----------------------------|-----------------------------------|------------------|---------|--------|-----------------------------|
| | Reporting to TRs | Central clearing | Capital | Margin | Exchange / Platform trading | Reporting to TRs | Central clearing | Capital | Margin | Exchange / Platform trading |
| Argentina ² | A | A | N/A | | A | PA | A | E | | A |
| Australia | A | A | A | N/A | A | PE | C | E | | |
| Brazil ³ | A | A | A | | | E | | E | | |
| Canada ⁴ | A | A | N/A | N/A | A | PE | P | E | | |
| China | | | N/A | | A | E | E | E | | E |
| European Union ⁵ | A | A | A | A | A | E | P | E | C | C |
| Hong Kong SAR | A | A | A | N/A | A | PE | | E | | |
| India ⁶ | A | A | N/A | N/A | A | E | PE | E | PE | PA |
| Indonesia ⁷ | A | PA | | N/A | A | PE | | | | PE |
| Japan ⁸ | A | A | N/A | C | A | E | E | E | C | C |
| Rep. of Korea | A | A | A | | | E | PE | E | | |
| Mexico ⁹ | N/A | N/A | N/A | N/A | N/A | E | P | PA | | P |
| Russia ¹⁰ | A | PA | N/A | | | PE | C | E | | |
| Saudi Arabia ¹¹ | N/A | N/A | A | N/A | N/A | E | | E | PE | |
| Singapore | A | A | A | N/A | C | PE | C | E | | |
| South Africa ¹² | A | A | A | A | A | C | | PE | | |
| Switzerland ¹³ | PA | P | A | P | P | PE | | E | | |
| Turkey | A | A | N/A | N/A | | | | C | | |
| United States ¹⁴ | A | A | A | A | A | PE | PE | PE | P | PE |
| Total proposed or consulted | 0 | 1 | 0 | 2 | 2 | 1 | 6 | 1 | 3 | 3 |
| Total partially adopted | 1 | 2 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 |
| Total adopted | 15 | 13 | 10 | 3 | 11 | 0 | 1 | 0 | 0 | 1 |
| Total partially effective | | | | | | 8 | 3 | 2 | 2 | 2 |
| Total effective | | | | | | 8 | 2 | 14 | 0 | 1 |
| 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) | | | | | | | | | |
| 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 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.

- ³ With respect to central clearing, Brazil reports carrying out market assessments to determine whether regulations are needed. Brazil also reports undergoing internal consultation on legislation for margin frameworks and execution of transactions on organised trading platforms.
- ⁴ 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. In these provinces, final trade reporting rules are in effect. 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 modified 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.
- ⁵ Regarding capital requirements, the current regulations for capital requirements consistent with Basel III have been adopted in the EU through CRR and CRD IV which entered into force in June and July 2013. CRR, in most of its parts, has direct and legally binding effect in all EU member states as of 1 January 2014. Most parts of CRD IV must have been implemented by all EU member states by 31 December 2013. 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 submit technical standards for margin requirements (level 2 measures) to the European Commission (EC) in Q3 2014, for adoption by Q1 2015.
- ⁶ In India, margin requirements are in place for certain credit derivatives, however new rules will be adopted in early 2015, consistent with BCBS-IOSCO standards.
- ⁷ In Indonesia, equity derivatives products are required to be traded on exchange and centrally cleared; Indonesia requires banks to report interest rate derivatives and FX derivatives transactions to the central bank.
- ⁸ Japan notes that it intends to expand the scope of products and entities subject to central clearing requirements by end 2014 and again by end 2015.
- ⁹ In Mexico, OTC derivatives market reforms are being implemented through amendments to secondary regulation issued by financial authorities. Amendments to allow a local CCP to clear OTC derivatives and strengthen the operation and management of CCPs and electronic platforms were published during H1 2014. Amendments to establish a mandate on exchange/platform trading and central clearing have been under consultation with major stakeholder are expected to be published by end-2014s. Regarding trade reporting, banks and brokerage firms must report their derivatives transactions to Banco de México. Further regulation on capital requirements is expected to be introduced in Q1 2015.
- ¹⁰ Russia notes that it has started a round of consultation on additional legislation related to central clearing.
- 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, electronic exchange trading, or the establishment of a local CCP based on certain market characteristics, such as size and volume. With respect to margin requirements, SAMA surveyed banks in its jurisdiction to verify that they are compliant with the final BCBS-IOSCO standards for variation margin and plan to issue guidance for banks on implementation of initial margin requirements consistent with the BCBS-IOSCO standards over the next year.
- 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 admitted for trading on a Swiss exchange. This legislation does not cover the entire scope of the G20 commitments and the Swiss government proposed additional legislation that was submitted to parliament in September 2014.
- ¹⁴ In the US, the CFTC rules applicable to CCPs, trading platforms and TRs and rules governing mandatory central clearing, reporting to TRs, organised platform trading, risk mitigation for non-centrally cleared swaps, and standardisation, are now effective. 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. The CFTC and SEC have proposed capital requirements for non-bank swap and security-based swap entities and margin requirements for non-centrally cleared transactions. The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (collectively, the US banking agencies) have adopted rules to implement Basel III capital requirements in the US. The Federal Housing Finance Agency (FHFA) has capital requirements in place. The Farm Credit Administration has capital requirements in place for the Farm Credit System banks and associations and the Federal Agricultural Mortgage Corporation. The US banking agencies, FHFA and the Farm Credit Administration also have proposed margin requirements for non-centrally cleared transactions.

Source: FSB member jurisdictions.

2.1 Trade reporting

2.1.1 Implementation timetable for trade reporting

As of the April 2014 progress report, reporting requirements were reported to be partially or fully in force in 16 member jurisdictions. All jurisdictions are expected to have adopted reporting requirements or at least the related legislation by end of H1 2015.

However, there have been some instances where the expected timeframes for implementation have been delayed. In Canada, the authorities report that implementation of reporting requirements was pushed back a quarter because no TRs were available to accept transaction reports from their market participants.

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 Availability and use of trade repositories

As of Q3 2014, trade repositories are available across 13 FSB member jurisdictions, with government or other entities that collect transaction information available in a further three jurisdictions (**Table 2.3A**). In most jurisdictions where TRs are available, these are available in all asset classes, though five jurisdictions have more limited availability. While three or more TRs are operating in each asset class in the EU and US, for other jurisdictions there are typically only one or two TRs operating in each asset class.¹⁵ In most cases these TRs are available only within a specific jurisdiction. **Appendix F** provides more detail on the availability of specific TRs across FSB member jurisdictions.

The availability of TRs is also associated with the status of jurisdictions' reporting requirements. As would be expected, reporting requirements are typically in effect (or anticipated to be soon in effect) only where TRs are actually available in a jurisdiction to collect transaction data for a particular asset class (**Table 2.3B**).

¹⁵ In the case of Australia, while one TR has been granted an Australian derivative trade repository licence, a further eight TRs have been recognised to enable foreign entities active in Australia to report to these TRs in compliance with foreign reporting requirements.

Table 2.2*

Trade Reporting Implementation Timetable

| Jurisdiction | 2014 | | | | 2015 | | 2016 → |
|--------------------------|------|----|----|----|------|----|--------|
| | Q1 | Q2 | Q3 | Q4 | H1 | H2 | |
| 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 partially adopted
■ Legislative framework adopted (or not applicable), implementing rules published for consultation or proposed
■ Legislative frameworks in consultation or proposed
■ Legislative/regulatory steps not planned

* Reforms to legislative and regulatory frameworks; time periods after Q3 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. In these provinces, final trade reporting rules are in effect. 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 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 the Swiss government proposed additional legislation that was submitted to parliament in September 2014.

Source: FSB member jurisdictions.

Table 2.3A

Availability of Trade Repositories by Asset Class in FSB Member Jurisdictions

TRs authorised or pending authorisation as at end-October 2014

| Asset class | Jurisdictions | | | | | | | | | | | | | | | | | | |
|-------------|---------------|----|----|----|-----------------|----|----|----|-----------------|----|----|----|----|----|----|----|-----------------|----|----|
| | AR | AU | BR | CA | CN ¹ | EU | HK | IN | ID ² | JP | KR | MX | RU | SA | SG | ZA | CH ³ | TR | US |
| CO | | 1 | 2 | 3 | | 6 | | | | | 2 | 1 | 2 | | 1 | | | | 4 |
| CR | | 1 | 2 | 3 | | 6 | | 1 | | 1 | 2 | | 2 | | 1 | | | | 4 |
| EQ | | 1 | 2 | 2 | | 6 | 1 | | | 1 | 2 | 1 | 2 | | 1 | | | | 3 |
| FX | | 1 | 2 | 2 | | 5 | 1 | 1 | | 1 | 2 | 1 | 2 | 1 | 1 | | | | 3 |
| IR | | 1 | 2 | 2 | | 6 | 1 | 1 | | 1 | 3 | 1 | 2 | 1 | 1 | | | | 3 |

X indicates the number of TRs collecting transaction reports in given asset class that are authorised or pending authorisation (or have a temporary exemption from authorisation requirements) in given jurisdiction.

¹ In China, transactions in credit, FX and interest rate derivatives are required to be reported to the China Foreign Exchange Trade System (CFETS) ² In Indonesia, transactions in FX and interest rate derivatives must be reported to Bank Indonesia. ³ Under the partial reporting requirements in effect in Switzerland, transactions – including OTC – are reported to an exchange rather than to a TR. TRs will be introduced with the new regulation.

Source: FSB member jurisdictions.

Table 2.3B

Trade Reporting Requirements in FSB Member Jurisdictions

As at end-October 2014

| Asset class | Jurisdictions | | | | | | | | | | | | | | | | | | |
|-------------|---------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| | AR | AU | BR | CA | CN | EU | HK | IN | ID | JP | KR | MX | RU | SA | SG | ZA | CH | TR | US |
| CO | | ■ | ■ | ■ | | ■ | | | | | ■ | ■ | | | | | ■ | | ■ |
| CR | | ■ | ■ | ■ | ■ | ■ | | ■ | | ■ | ■ | | | | ■ | | ■ | | ■ |
| EQ | | ■ | ■ | ■ | | ■ | | | | ■ | ■ | ■ | | | | | ■ | | ■ |
| FX | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | ■ | ■ | ■ |
| IR | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | ■ | ■ | | ■ | | ■ |

■ Requirements in effect for all sub-products ■ Requirements in effect for some sub-products

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**

Since the April 2014 report, there has been progress on central clearing reforms, with jurisdictions taking a range of different steps, from mandating requirements to continuing to consider whether to rely solely on incentives to drive standardised products towards central

clearing. More specifically, China and Korea have mandated central clearing for certain interest rate swaps, and India has mandated central clearing in FX forwards effective 2 June 2014.¹⁶ Mexico expects to adopt regulation by end-2014, and Singapore has published regulation for consultation. As well, some jurisdictions report actively monitoring their markets and assessing global initiatives and in some instances are considering aligning their regulation with certain global or foreign requirements.¹⁷ Other jurisdictions reported carrying out market assessments to determine whether the markets for certain products have the characteristics to support adopting mandatory clearing requirements.¹⁸ In two jurisdictions, requirements that were expected to be adopted or in effect by end-2014 are now expected to be delayed until 2015.

Looking forward, planned reform implementation timetables through to end-2014 indicate that: Korea will adopt mandatory clearing requirements for additional products; and the EU and Mexico plan to adopt final regulation.¹⁹ Looking ahead to 2015, clearing obligations are expected to come into effect (either for the first time or in addition to existing requirements) in Australia, the EU, Hong Kong, India, Mexico and Singapore, with Japan expanding the scope of products and participants subject to requirements in 2014 and 2015, and Canada adopting requirements to come into effect after 2015. **Table 2.4** and **Appendix B** provide more detail on the expected timelines for implementing central clearing reforms across jurisdictions.

2.2.2 Progress in implementing the four safeguards

Progress in implementation of the four safeguards to support a resilient and efficient framework for central clearing is largely being addressed through the work of international organisations, whose work is further discussed in **Section 3** of this report.²⁰ More specifically, CPMI-IOSCO's PFMI implementation monitoring work will cover fair and open access, liquidity risk management, and authorities' responsibility to cooperate with other authorities (in order to support each other in fulfilling regulatory, supervisory, and oversight mandates).

¹⁶ This brings to five the number of jurisdictions with mandatory central clearing requirements in effect; the others are Japan and the US.

¹⁷ Turkey, for example, noted aligning its capital and incentives for central clearing specifically with the EU's CRD IV; similarly, Australia noted assessing its market, including the implementation of clearing obligations in other jurisdictions and may make later determinations regarding clearing obligations; Switzerland also noted considering whether to align exemptions and requirements to existing EU and US frameworks.

¹⁸ Australia, Brazil, Canada, Indonesia, Singapore and South Africa, for example all note assessing their markets to determine whether and which requirements for central clearing may be needed, and in some cases also considering other incentives.

¹⁹ In Australia, subject to Government approval, the Treasury determination regarding products that should be subject to clearing requirements is expected to be in place by Q4 2014 with ASIC rules following in Q1 2015. The Regulators Group (discussed further in **Section 3.5.2.3**) has developed a framework for consultation among authorities on mandatory clearing determinations. This framework is founded on IOSCO recommendations and aims to harmonise mandatory clearing determinations across jurisdictions to the extent practicable and where appropriate, subject to jurisdictions' determination procedures. Further information on the Regulators Group's framework is available at: <http://www.cftc.gov/ucm/groups/public/@internationalaffairs/documents/file/odrgreport033114.pdf>.

²⁰ 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.

Table 2.4

Central Clearing Implementation Timetable

| Jurisdiction | 2014 | | | | 2015 | | 2016 → |
|---------------------------|------|----|----|----|------|----|--------|
| | Q1 | Q2 | Q3 | Q4 | H1 | H2 | |
| Argentina | | | | | | | |
| Australia ¹ | | | | | | | |
| Brazil ² | | | | | | | |
| Canada ³ | | | | | | | |
| China | | | | | | | |
| EU | | | | | | | |
| Hong Kong ⁴ | | | | | | | |
| India | | | | | | | |
| Indonesia ⁵ | | | | | | | |
| Japan ⁶ | | | | | | | |
| Korea | | | | | | | |
| Mexico | | | | | | | |
| Russia | | | | | | | |
| Saudi Arabia ⁷ | | | | | | | |
| Singapore | | | | | | | |
| South Africa | | | | | | | |
| Switzerland | | | | | | | |
| Turkey | | | | | | | |
| US ⁸ | | | | | | | |

■ 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 published for consultation or proposed ■ Legislative framework adopted (or not applicable) ■ Legislative frameworks in consultation or proposed ■ Legislative/regulatory steps not planned

¹ Australia notes that ministerial determination imposing clearing obligations are expected to be made in Q4 2014 and that planned clearing rules are expected to be finalised in H1 2015. Australia plans to continue monitoring its market and may make later determinations regarding clearing obligations. ² Brazil reports carrying out market assessments to determine whether regulations are needed. ³ Clearing model rules have been published for comment, and in H1 2015 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. ⁴ Hong Kong will phase in clearing requirements starting in the second half of 2015. ⁵ Indonesia notes that initially it plans to use economic incentives in line with Basel III requirements; long-standing central clearing requirements are in place for exchange traded equity derivatives. ⁶ Japan notes that it intends to expand the scope of products and entities subject to central clearing requirements by end 2014 and again by end 2015. ⁷ 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. ⁸ US also notes that the CFTC has rules in force and the SEC has proposed rules regarding operation governance and risk management of covered clearing agencies, which would include certain designated systemically important clearing agencies.

Source: FSB member jurisdictions.

CPMI-IOSCO and the FSB have also recently published their respective reports on *Recovery of financial market infrastructures*²¹ and an FMI-specific annex for implementing the *Key attributes of effective resolution regimes for financial institutions*²² providing guidance on this safeguard. In due course, CPMI-IOSCO and the FSB plan to carry out implementation

²¹ Available at: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD455.pdf>.

²² Available at: http://www.financialstabilityboard.org/publications/r_141015.pdf.

monitoring exercises covering jurisdictions' implementation of standards for CCP recovery and resolution.

2.2.3 Availability and use of central counterparties

2.2.3.1 Availability of CCPs

CCPs clearing OTC derivatives have been authorised (or are pending authorisation) to an uneven extent across FSB member jurisdictions (**Table 2.5**): only in four jurisdictions (Brazil, EU, Russia and US) are CCPs authorised to clear at least some sub-products in all OTC derivative asset classes. In a further ten jurisdictions, CCPs are authorised (or pending authorisation) in at least one asset class, while five FSB member jurisdictions do not have any CCPs currently available to clear OTC derivatives transactions. **Appendix G** provides more information on the availability of specific CCPs across jurisdictions.

Table 2.5

Availability of OTC derivatives CCPs by Asset Class in FSB Member Jurisdictions

CCPs authorised or pending authorisation as at end-October 2014

| Asset class | Jurisdictions | | | | | | | | | | | | | | | | | | |
|-------------|---------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| | AR | AU | BR | CA | CN | EU | HK | IN | ID | JP | KR | MX | RU | SA | SG | ZA | CH | TR | US |
| CO | | | 1 | 2 | 1 | 10 | | | | | | | 1 | | 1 | | 1 | | 5 |
| CR | | | 1 | 2 | | 6 | | | | 1 | | | 1 | | | | | | 5 |
| EQ | | 1 | 1 | 2 | | 8 | | | | 1 | | | 1 | | | | 1 | | 3 |
| FX | | | 1 | | 1 | 8 | 1 | 1 | | 1 | | | 1 | | 1 | | 1 | | 7 |
| IR | | 3 | 1 | 4 | 1 | 15 | 1 | 1 | | 3 | 1 | 1 | 1 | | 1 | | 2 | | 9 |

X indicates the number of CCPs clearing at least some OTC derivatives sub-products in given asset class that are authorised or pending authorisation (or have a temporary exemption from authorisation requirements) to offer direct and/or indirect clearing services 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.

In terms of the asset classes that can be cleared by CCPs in each jurisdiction, 14 jurisdictions have CCPs authorised or pending authorisation in their jurisdiction to clear interest rate derivatives transactions. CCPs clearing FX derivatives transactions are available in 10 jurisdictions, while the other asset classes are currently available in fewer than half of FSB member jurisdictions, with credit derivatives CCPs the least prevalent (available in only six jurisdictions).²³

The connection between the availability of CCPs in a given jurisdiction and specific central clearing requirements in effect in that jurisdiction is less apparent than is the case for trade

²³ CPMI and IOSCO are studying the liquidity risk surrounding certain OTC FX derivatives clearing arrangements.

reporting requirements. While in all cases of mandatory clearing requirements, the availability of a CCP clearing a specific asset class has been a pre-condition for a jurisdiction to implement clearing requirements in this asset class, availability *per se* has not always immediately translated into clearing requirements. For instance, CCPs clearing interest rate derivatives transactions are available in 14 jurisdictions, with four of these (China, Japan, Korea and US) currently having mandatory clearing requirements in effect. Similarly for credit derivatives, CCPs are currently available in six jurisdictions but only two jurisdictions (Japan and US) currently have mandatory clearing requirements in effect for this asset class. In some cases, these differences reflect the state of reform implementation in the jurisdiction (for instance, where CCP availability has preceded the completion of regulatory regimes for clearing requirements). In other cases, where a jurisdiction has clearing mandates in effect, often these cover a sub-set of products of the suite being offered for clearing by the CCPs available in this jurisdiction, since determinations around mandatory clearing requirements typically consider a number of factors in addition to the availability of central clearing.

The cross-border availability of CCPs is also fairly limited at present (**Table 2.6**). Unlike for trade reporting, where the same transaction can typically be reported to multiple TRs without affecting the ability to undertake the transaction, a transaction can only be centrally cleared at a single CCP. This means that for a cross-border transaction to be centrally cleared through a given CCP, the CCP would typically need to be authorised in all relevant jurisdictions. Most jurisdictions require CCPs to be locally authorised in order to be utilised for meeting that jurisdiction's mandatory central clearing requirements. At present, only one CCP (clearing interest rate derivatives) is concurrently authorised in six jurisdictions. In the majority of cases, CCPs are authorised to clear in a given asset class in only one or two jurisdictions.

Table 2.6
Cross-border availability of CCPs by Asset Class

As at end-October 2014

| Asset class | Number of CCPs concurrently available in indicated number of jurisdictions | | | | | |
|-------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1 jurisdiction | 2 jurisdictions | 3 jurisdictions | 4 jurisdictions | 5 jurisdictions | 6 jurisdictions |
| CO | 8 | 2 | 2 | 1 | -- | -- |
| CR | 1 | 3 | 3 | -- | -- | -- |
| EQ | 3 | 3 | 3 | -- | -- | -- |
| FX | 5 | 3 | 4 | -- | -- | -- |
| IR | 4 | 4 | 6 | 2 | -- | 1 |

The figure in each cell is the number of individual CCPs clearing at least some OTC derivatives sub-products in given asset class that are concurrently authorised or pending authorisation (or have a temporary exemption from authorisation requirements) to offer direct and/or indirect clearing services in the indicated number of jurisdictions. No CCP is currently available in more than six jurisdictions in a given asset class.

CO = commodity, CR = credit, EQ = equity, FX = foreign exchange, IR = interest rate

Source: FSB member jurisdictions.

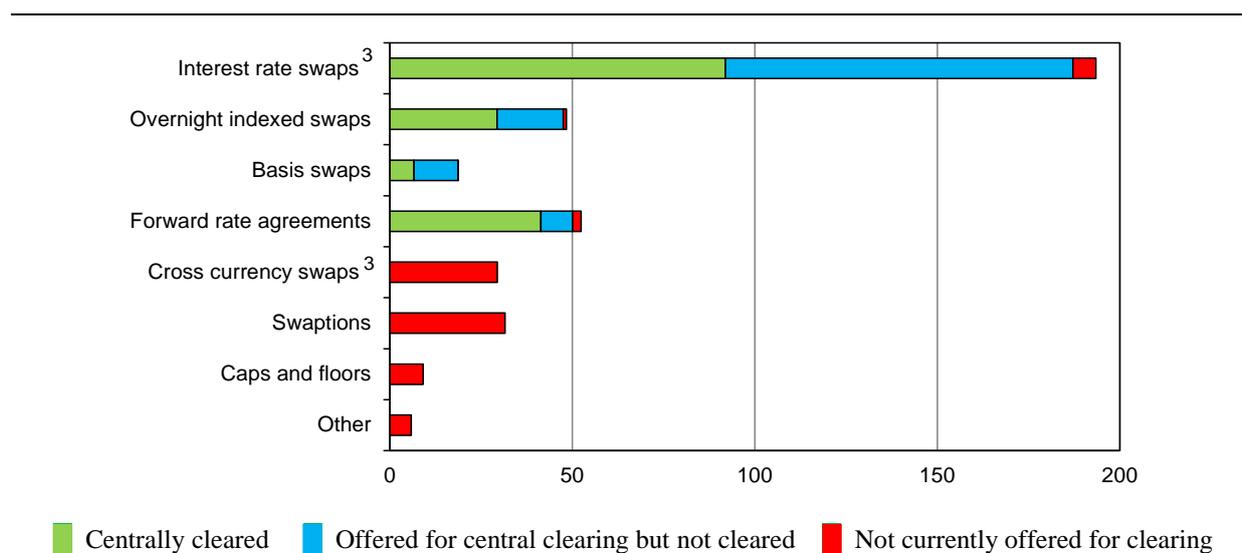
2.2.3.2 Usage of CCPs

Use of CCPs to clear OTC interest rate derivatives transactions remains strong at a global level. Based on transactions reported to DTCC by a group of large dealers²⁴ as at end-September 2014, the gross notional outstanding amount of centrally cleared positions was estimated to be US\$169 trillion across all sub-product types (**Figure 2.1**). This represented around 56% of the amount of transactions that could theoretically be centrally cleared, based on the current availability of CCPs that offer clearing services for OTC interest rate derivatives transactions globally, and 44% of all estimated notional outstandings.²⁵ For single-currency interest rate swaps, overnight indexed swaps, basis swaps and forward rate agreements (the four largest sub-product groups), the current product offerings of CCPs cover close to 100% of notional outstandings; other sub-product groups (which account for around 20% of these dealers' aggregate notional outstandings) are currently not offered for central clearing.

Figure 2.1

Central Clearing of OTC Interest Rate Derivatives¹

Outstanding notional amounts, USD trillions, end-September 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, KRX, LCH.Clearnet, Nasdaq OMX, Moscow Exchange, 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.

²⁴ The group of dealers voluntarily reporting interest rate derivatives information to DTCC Derivatives Repository Ltd.'s Global Trade Repository for OTC interest rate derivatives 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>.

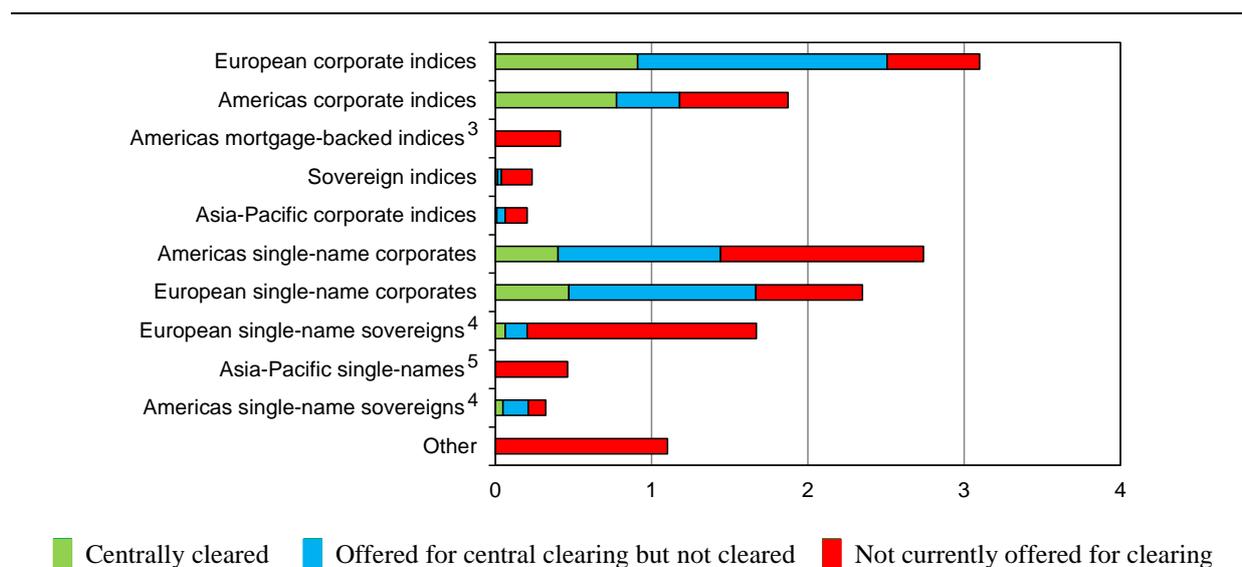
²⁵ These figures have been adjusted for the double-counting of centrally cleared transactions. Comparisons between periods of the relative share of transactions that have been centrally cleared are complicated by a number of factors: for example, the outstanding amount of centrally cleared and of non-centrally cleared transactions at any point in time may be reduced

The gross notional outstanding amount of credit derivatives across all market participants (not just large dealers, and adjusted for double-counting) was US\$14 trillion at end-September 2014.²⁶ Around US\$7.3 trillion (51% of this total amount outstanding) could be centrally cleared given existing credit derivatives clearing offerings of CCPs, while US\$2.7 trillion (19% of the total amount outstanding) had in fact been centrally cleared (**Figure 2.2**).

Figure 2.2

Central Clearing of OTC Credit Derivatives¹

Outstanding notional amounts, USD trillions, end-September 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 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.

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. For instance, in the April 2014 progress report it was reported that as at end-February 2014 the percentage of transactions (measured by notional outstandings) that had been centrally cleared was 59% of the amount that could theoretically be centrally cleared, and was 46% of all estimated notional outstandings. The slightly lower figures reported in this eighth progress report most likely reflect an increased use in trade compression by CCPs, which reduces the amount of transactions reported to be centrally cleared. Note also that the CCPs used in these calculations are not necessarily authorised for use by all the market participants captured in these data.

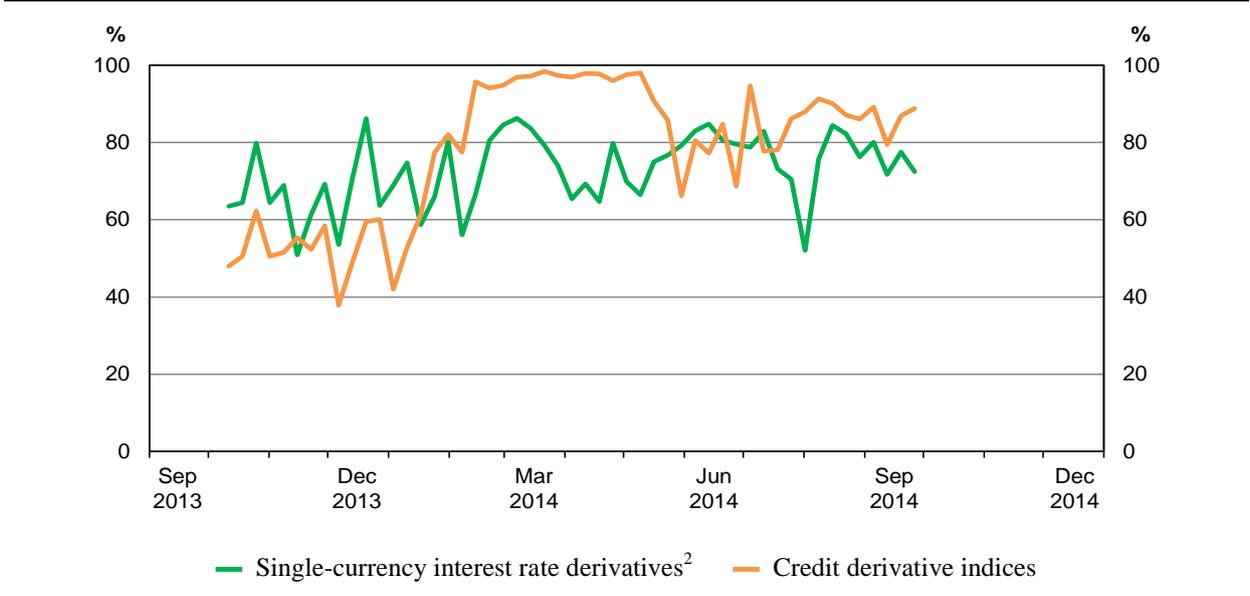
²⁶ Credit derivatives information sourced from DTCC’s Trade Information Warehouse, available at: <http://www.dtcc.com/repository-otc-data.aspx?tbid=0#tiw>.

Public information on newly transacted OTC derivatives in the US indicates that, of single-currency interest rate OTC derivatives transactions reported under CFTC trade reporting rules, the rate of central clearing averaged 75% in Q3 2014 (**Figure 2.3**); the equivalent figure for credit derivative indices was 86%.

Figure 2.3

Central Clearing of New OTC Derivatives Transactions

Centrally cleared trades as percentage of weekly aggregate transaction volume¹

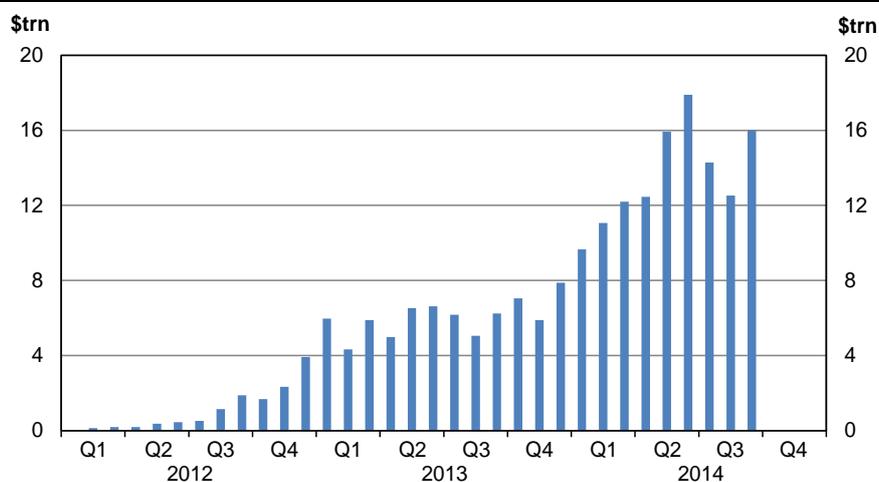


¹ Transactions reported to CME Group SDR, DTCC Data Repository and ICE Trade Vault in accordance with CFTC trade reporting rules. Amounts cleared include both transactions subject to CFTC mandatory clearing requirements and those cleared voluntarily. ² Excludes cross-currency transactions.

Source: CFTC.

Client clearing activity has also increased significantly since 2013, based on partial data from CME and LCH.Clearnet Ltd, two of the CCPs clearing the largest volumes of OTC interest rate derivatives transactions (**Figure 2.4**). A total of US\$16 trillion in notional amounts of new client transactions in interest rate derivatives were cleared by these CCPs in September 2014, more than double the amount of client transactions that had been cleared through these CCPs a year earlier.

Figure 2.4
Client Clearing activity in OTC Interest Rate Derivatives¹
 Monthly notional amounts, USD trillions



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

Basel III standards for banks' credit risk-related capital treatment of centrally cleared and non-centrally cleared OTC derivatives exposures are now complete, including final standards for the treatment of banks' exposures to CCPs (and related methodological changes) published in April 2014 that are expected to take effect on 1 January 2017 (see **Section 3.4.3** for further detail). As at November 2014, the majority (16) of FSB member jurisdictions have requirements in effect to implement Basel III standards, though these may not yet include recent standards on bank exposures to CCPs (see **Table 2.7** and **Appendix C**).

International standards with respect to the leverage ratio treatment of both cleared and non-centrally cleared OTC derivatives transactions have been published. Jurisdictions are in the process of implementing leverage ratio requirements, remaining mindful of the impact on incentives for client clearing.

Table 2.7

Capital Requirements Implementation Timetable

| Jurisdiction | 2014 | | | | 2015 | | 2016 → |
|-----------------|--|----|----|----|------|----|--------|
| | Q1 | Q2 | Q3 | Q4 | H1 | H2 | |
| Argentina | | | | | | | |
| Australia | | | | | | | |
| Brazil | | | | | | | |
| Canada | | | | | | | |
| China | | | | | | | |
| EU | | | | | | | |
| Hong Kong | | | | | | | |
| India | | | | | | | |
| Indonesia | <i>Preliminary study conducted in 2014 / deliberations in 2015</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 published for consultation or proposed
■ Legislative framework adopted (or not applicable)
■ Legislative frameworks in consultation or proposed
■ Legislative/regulatory steps not planned

¹ In the US, there are a number of authorities who can implement relevant requirements and, in most instances, already have. However, requirements are not in force across all of the authorities. 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 finalised BCBS-IOSCO margin standards for non-centrally cleared derivatives set out timelines to phase-in requirements beginning in December 2015. A number of jurisdictions report developing their frameworks consistent with these timelines.²⁷ Three jurisdictions report having rules proposed or under consultation and two jurisdictions report having some margin requirements effective for non-centrally cleared derivatives. **Table 2.8** and **Appendix D** provide further detail on jurisdictions' implementation plans. To the extent jurisdictions have market participants which need to meet the requirements applying from

²⁷ In some instances, jurisdictions highlighted that participants in their jurisdictions do not meet certain thresholds that would trigger consideration of some requirements. The BCBS-IOSCO framework for margin requirements includes certain thresholds that trigger when two-way initial margin requirements would be required (under the specified timeline for phasing in requirements) and specify that variation margin requirements are expected to come into force 1 December 2015 for all covered entities (financial firms and systemically important non-financial firms). See BIS (2013), *Margin requirements for non-centrally cleared derivatives*, September; available at: <http://www.bis.org/publ/bcbs261.pdf>.

December 2015, frameworks should be finalised soon to ensure participants have enough time to develop and finalise the models, systems, processes and legal agreements required.

Table 2.8

Margin Requirements Implementation Timetable

| Jurisdiction | 2014 | | | | 2015 | | 2016 → |
|---------------------------|------|----|----|----|------|----|--------|
| | Q1 | Q2 | Q3 | Q4 | H1 | H2 | |
| Argentina | | | | | | | |
| Australia | | | | | | | |
| Brazil ¹ | | | | | | | |
| Canada | | | | | | | |
| China | | | | | | | |
| EU | | | | | | | |
| Hong Kong | | | | | | | |
| India ² | | | | | | | |
| Indonesia | | | | | | | |
| Japan ³ | | | | | | | |
| Korea | | | | | | | |
| Mexico | | | | | | | |
| Russia | | | | | | | |
| Saudi Arabia ⁴ | | | | | | | |
| 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 published for 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 India, margin requirements are in place for certain credit derivatives, however new rules will be adopted in early 2015, consistent with BCBS-IOSCO standards. ³ As noted in Table 2.1, Japan reports that both legislation and regulation are under consultation simultaneously. ⁴ SAMA surveyed banks in its jurisdiction to verify that they are compliant with the final BCBS-IOSCO standards for variation margin and plan to issue guidance for banks on implementation of initial margin requirements consistent with the BCBS-IOSCO standards over the next year.

Source: FSB member jurisdictions.

2.5 Exchange and electronic platform trading and market transparency

2.5.1 Organised trading platforms

The progress in implementing reforms to require the trading of standardised OTC derivatives on organised trading platforms, where appropriate, continues to vary both in the substance of regulation and timing of implementation. Several jurisdictions have taken new or additional legislative or regulatory steps since the April 2014 progress report. Notably, the EU adopted MiFID II and MiFIR in June 2014, which established the framework for mandatory trading on organised trading platforms. The EU is in the process of drafting the relevant implementing

rules and the requirements will come into effect in early 2017. Mexico also reports adopting rules to strengthen the operation and management of electronic trading platforms (Q2 2014) as well as rules requiring certain standardised OTC derivatives transactions to be traded on exchanges (Q4 2014). Japan reports issuing rules for consultation and Singapore reports engaging in consultation for its OTC derivatives trading platform regime in Q4 2014.

Jurisdictions also report that they anticipate taking additional steps in late 2014 or early 2015. Japan's rule consultation is expected to progress through end 2014 and 2015 with rules being adopted in H2 2015, and Mexico anticipates its rules coming into effect in H2 2015. Singapore anticipates that in H1 2015 it will be adopting their respective legislative frameworks for their OTC derivatives organised trading platform regimes and for trade execution requirements. Australia also reports actively monitoring its market to determine whether trade execution requirements are appropriate and will publish periodic reports.

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

Table 2.9

Trade Execution Implementation Timetable

| Jurisdiction | 2014 | | | | 2015 | | 2016 → |
|---------------------------|------|----|----|----|------|----|--------|
| | Q1 | Q2 | Q3 | Q4 | H1 | H2 | |
| 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 published for consultation or proposed
■ Legislative framework adopted (or not applicable)
■ 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.

2.5.2 Market transparency

Earlier progress reports have noted the importance of the commitment that standardised OTC derivatives contracts should be traded on organised trading platforms, where appropriate, as a means for improving market transparency and assisting in protecting against market abuse. Where trades are executed on organised trading platforms, this can enhance pre-trade transparency, at least for those who are members of the platform.²⁸ Differences in jurisdictions' approaches to promoting increased organised platform trading are contributing to some variation in outcomes regarding pre- and post-trade market transparency.

Separate from trade execution requirements, some jurisdictions are seeking to improve market transparency through public reporting of post-trade information, via the use of organised trading platforms, TRs, and/or through authorities' dissemination of information. Although jurisdictions share similar goals in improving transparency, requirements for providing some post-trade transparency vary in several ways. For example, requirements can differ with respect to who is required to provide data (TRs, organised trading platforms and/or authorities), the detail of the data provided and the time frame in which such data is released.

Several jurisdictions report having organised trading platforms publicly disseminate some anonymised post-trade information (Australia, EU, Japan, Switzerland and the US). A number of jurisdictions use TRs to publicly disseminate post-trade data (also anonymised), either in addition to platforms or as an alternative source of data. Jurisdictions that use (or that are soon planning to use) TRs for post-trade dissemination of data to the public include: Australia, Brazil, Canada, Hong Kong, Japan, South Africa, and the US.²⁹ Requirements differ as to the substance of information provided and the timeframe in which the information needs to be disseminated.

Although there is some scope to use different approaches to providing post-trade transparency, some jurisdictions report that organised trading platforms still seem to be the sole vehicle through which increased pre-trade transparency is achieved. As recommended by the FSB in its October 2010 Report, authorities should explore the benefits and costs of requiring public price and volume transparency of all trades, including for non-standardised or non-centrally cleared products that continue to be traded over-the-counter. IOSCO is currently analysing the potential impact of post-trade transparency in the credit default swap market and, on the basis of this work, will consider next steps in this area.

²⁸ See IOSCO (2011), *Report on Trading of OTC derivatives*, February, for a discussion on costs and benefits of executing trades on an organised trading platform; available at: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD345.pdf>.

²⁹ In Hong Kong, the HK TR is planning to publish certain aggregate data on OTC derivative transactions reported so as to enhance post-trade transparency (without disclosing counterparty identities).

3. Implementation issues, market developments and international workstreams to meet reform objectives

Authorities continue to work through issues that are arising as implementation moves forward. Most of these issues have been previously identified and, given these issues are common across multiple jurisdictions, in many instances an international working group to review particular issues has already been launched or will soon be launched.

Some common issues that authorities have recently highlighted fall into the following categories:

- usability of TR data, including issues around data quality, ability to aggregate, and legal barriers to reporting and access;
- central clearing arrangements, both direct and through client clearing;
- finalisation and implementation of international standards; and
- the need for increased cross-border coordination, including regulatory cooperation generally, as well as addressing differences in regulatory approaches that may contribute to liquidity fragmentation.

Member jurisdictions and international organisations are taking work forward in different ways to address these issues. In some instances, jurisdictions are engaging bilaterally to discuss issues and seek new understandings and agreements in resolving the identified issues. In other instances, standard setting bodies and other international organisations are assisting by either seeking to achieve international consensus on new standards or monitoring consistent implementation of standards that they have already issued.

The remainder of this section discusses the issues presented, as well as the international response, where relevant.

3.1 Implementation issues in trade reporting

Addressing issues around the completeness and usability of OTC derivatives data, such as data quality and aggregation, continues to be a priority for many authorities. In summary, authorities continue to report that inconsistencies in data fields and formats across TRs and in the processes and IT infrastructure used by individual market participants to report transactions present challenges to aggregating and analysing data (across jurisdictions and within individual jurisdictions). Additionally, authorities continue to report that practical or legal barriers are restricting the ability of market participants to report to TRs and the availability to authorities of TR data access. The Regulators Group recently highlighted to the FSB this issue of barriers to reporting to TRs. These barriers can, in some instances, restrict access to data altogether from a particular TR or result in the partial reporting of data into a TR, giving regulators incomplete information when accessing data from TRs that serve their jurisdiction.

Some jurisdictions have also noted challenges in the availability of TRs for their market participants, noting in particular difficulties in attracting TRs to serve their markets. Without viable TRs, one jurisdiction (Canada) noted having to delay implementation and limiting the

scope of the requirement to facilitate reporting. The current availability of TRs is discussed in more detail in **Section 2.1.3** above.

The FSB has launched a peer review that will examine these and other issues in further detail, with this due to be completed around mid-2015 (see **Section 3.1.2.3**).

3.1.1 Legal barriers to reporting to TRs and 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/or barriers that could limit an authority's ability to directly access TR-held data.³⁰

The recent FSB study on aggregation of OTC derivatives trade repository data found that there are barriers that prevent data from being reported into a TR and/or prevent authorities' access to or sharing of the reported data.³¹ Such non-reporting and the continuing receipt of data that withholds the identity of a counterparty to the transaction ("masked" data) or partial data prevents authorities from meeting the underlying G20 objectives of improving transparency, mitigating risk and preventing market abuse. With this understanding, previous FSB progress reports have noted the importance of ensuring that there are no legal barriers to reporting OTC derivatives transactions, with particular attention to removing barriers to reporting counterparty information.³²

Several jurisdictions previously reported that the implementation of their own reporting requirements would address these barriers, typically through overriding existing requirements.³³ Jurisdictions generally reported that rules requiring reporting of transactions typically would override any barriers to reporting if the reporting is done pursuant to domestic reporting requirements. Some authorities have reported that these 'overrides' may not apply to domestic counterparties needing to comply with obligations to report transaction data pursuant to a foreign regime or assist foreign market participants required by their regimes to report their counterparties when their counterparties' jurisdictions have barriers.³⁴ Furthermore, reporting regimes facilitate other authorities' access to TR-held data only in limited cases.³⁵

³⁰ 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, international agreement requirements, and indemnification agreements.

³¹ Available at: http://www.financialstabilityboard.org/publications/r_140919.pdf.

³² See, for instance, the April 2013 progress report and the September 2013 progress report.

³³ For example, Australia, China, the EU (including member states who are FSB members), South Africa, Switzerland and Turkey previously reported that reporting requirements would override barriers to reporting pursuant to, at least, domestic requirements. Later survey responses in connection with OTC derivatives related workstreams confirm this position. See the FSB's April 2013 and September 2013 OTC derivatives market reform implementation progress reports referenced above for more detailed discussions.

³⁴ In some instances (Singapore and Switzerland), the reporting framework specifically contemplates overriding privacy and confidentiality provisions when reporting transactions pursuant to either foreign or domestic law. Some other jurisdictions noted that there are no barriers to reporting complete transaction data within their own jurisdiction and foreign regulators can obtain missing/incomplete data on a regulator-to-regulator basis if this information cannot be reported in their own jurisdiction.

³⁵ Earlier progress reports have noted that authority access in some jurisdictions can be limited by existing laws.

In August 2014, the Regulators Group wrote to the FSB Chair highlighting the continued challenges posed by barriers to reporting and recommending that the FSB consider setting a deadline for removing or overcoming such barriers which could include changes to laws or regulations.³⁶

Since there have been some changes in the legal landscape (including reporting requirements coming into effect in some places), the information about the status of barriers may be dated. The FSB's peer review on trade reporting will seek to further examine barriers to reporting and authorities' access to data. This peer review should provide an updated assessment for consideration by the FSB plenary, which can follow with recommendations as needed.³⁷

3.1.2 International workstreams addressing issues in trade reporting and data standardisation

A number of international workstreams are currently in place to address issues related to trade reporting and to support the effectiveness of reporting as a tool for meeting the underlying G20 objectives. These workstreams cover a wide range of considerations including, for example, how TR held data can be effectively aggregated, specific work on further standardisation of transaction and product identifiers to help support more consistency in data, and barriers to reporting to TRs and authorities' access to data held in TRs.

3.1.2.1 Feasibility study on approaches to aggregating OTC derivatives data and resulting workstreams and coordination related to standardisation of transaction reporting

The FSB's recently published study discusses key requirements and challenges involved in the aggregation of TR-held OTC derivatives data and proposes criteria for assessing different aggregation models.³⁸ The study assesses the legal challenges and data and technological considerations associated with three different models for aggregation that could facilitate comprehensive monitoring of financial stability risks. The study does not propose a recommendation on the choice of model, but does note "next steps" that should be undertaken either as part of the preparatory work before any formal project is launched to implement a global aggregation mechanism, or that will need to be undertaken in order to enable effective aggregation regardless of the specific model. Acting on these recommendations, the FSB:

- has asked the CPMI and IOSCO to develop global guidance on harmonisation of data elements that are reported to trade repositories and are important to aggregation by authorities;
- will work with CPMI and IOSCO to provide official sector impetus and coordination for the further development and implementation of uniform global UTIs and UPIs;
- will, with the involvement of CPMI and IOSCO, study in more detail and address the legal and regulatory changes that would be needed to implement a global aggregation

³⁶ This letter is included as an appendix to the Regulators Group's September 2014 report to the G20; available at: http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/oia_odrreportg20_0914.pdf.

³⁷ The TR peer review will seek to avoid putting forward good practices and recommendations on issues already being carried forward by standard setting bodies, and thereby avoid duplication of work.

³⁸ Available at: http://www.financialstabilityboard.org/publications/r_140919.pdf.

mechanism that would meet the range of authorities' data access needs, and the appropriate governance structure for such a mechanism.

3.1.2.2 ODRF on use of data

The OTC Derivatives Regulators Forum (ODRF) continues to serve as a forum among a wide range of authorities, with a key goal being authorities working together to support the underlying objectives of trade reporting – to collect and provide useful information on derivatives and promote transparency. Recognising that a number of practical issues are arising around TR data quality and access to TR data, the ODRF recently revised its mandate to focus more directly on these issues. In addition, the ODRF will focus on identifying practical solutions developed by individual authorities and act as a venue for the exchange of views and experiences related to the actual use of, and access to, TR data. With respect to its work on data access, the ODRF has a focus on practical issues of common interest, such as the delivery of TR data to users (e.g. web portal design), rather than revisiting work that has already been done in other workstreams.

3.1.2.3 FSB peer review on trade reporting

The FSB (through its Standing Committee on Standards Implementation) has begun a peer review across FSB jurisdictions to evaluate progress in achieving the G20 commitment that all OTC derivatives transactions should be reported to TRs. The final report is expected to be published around mid-2015. One of the primary objectives of the peer review is to make a current assessment of the legal barriers in national laws and regulations that may prevent or hinder reporting complete transaction data or limit access to TR-held data. The peer review will also aim to make a detailed examination of comprehensiveness of reporting to TRs, and identify any challenges and issues to meeting the underlying G20 objectives that become apparent during the course of the assessment.

3.1.2.4 Legal Entity Identifier (LEI)

As noted in earlier progress reports, the implementation of the Global LEI System³⁹ is expected to contribute to and facilitate many financial stability objectives. Considerable progress has been made in establishing the Global LEI System and bringing local operating units online. The Global LEI Foundation (GLEIF), which is to operate the central operating unit of the Global LEI System, was established as a Swiss not-for-profit foundation at the end of June 2014. The Regulatory Oversight Committee (ROC) has been working closely with the GLEIF to transition from the “interim” system to operational management by the GLEIF.

3.2 Central clearing arrangements

As with previous progress reports, some authorities have raised concerns regarding the availability of clearing services and client clearing arrangements, the risk management practices of firms offering clearing services, and oversight of CCPs.⁴⁰

³⁹ The ROC Charter and June 2012 FSB report, *A Global Legal Entity Identifier for Financial Markets*, sets out the purposes for the Global LEI. Available at: http://www.financialstabilityboard.org/publications/r_120608.pdf.

⁴⁰ See, for example, Section 3.4 of the April 2014 progress report; available at http://www.financialstabilityboard.org/publications/r_140408.pdf.

One concern has focused on general access to central clearing. This concern is typically raised by jurisdictions with smaller OTC derivatives markets where the size of the market would not support a domestic CCP and/or local availability of client clearing for certain products.⁴¹ (Section 2.2.3 above gives more details regarding the availability of CCPs across jurisdictions.) Authorities from these jurisdictions have expressed concern that there may not be sufficient economic incentives for CCPs to provide services for their market participants, in light of the costs that may be incurred to accommodate transactions in jurisdictions with smaller OTC derivatives markets (e.g. changes in operating hours for clearing and payment processing, product offerings, currencies for settlement, and eligible collateral for CCP margin payments).

Because of such concerns, authorities in these jurisdictions are giving particular attention to client clearing arrangements, given the likelihood that a high proportion of local market participants may have to rely on client clearing services. As discussed in the April 2014 progress report, some authorities remain concerned about the potential for increasing concentration of central clearing through a small number of intermediaries. Even though some concentration of activity amongst intermediaries is an anticipated market development, there may still be a need for additional monitoring to identify any new or unmitigated risks. Some authorities have also repeated concerns regarding the depth of some market participants' understanding of the various levels of client protection available in the different client clearing models offered by CCPs. Some authorities have expressed an interest in further analysis of how the default of a large intermediary might be managed, including aspects of liquidity and timely portability of client positions. More generally, some authorities note that any potential systemic risks related to central clearing (including through CCPs and through client clearing arrangements) need also to be (or continue to be) analysed by appropriate authorities.

Some of these concerns are expected to be covered in already established and proposed international workstreams, as discussed further below.

3.2.1 International initiatives regarding issues in central clearing arrangements

Several FSB member authorities have noted they are engaging in bilateral or multilateral discussions that would address or seek to address some of the issues described above.⁴² With respect to the potential for any new risks that may arise if there is further concentration of intermediary activity, at this point, implementation of clearing requirements is still at an early stage and authorities generally report that they are continuing to monitor developments in this space. CPMI and IOSCO are considering whether work may be appropriate with respect to certain market-wide considerations related to central clearing (amongst other FMI matters), which could include some issues pertaining to client clearing arrangements.

⁴¹ While one jurisdiction has noted that their concerns regarding access to central clearing have recently lessened, these concerns continue to be raised more generally by smaller jurisdictions. See, for instance, FSB (2014), *Monitoring the effects of agreed regulatory reforms on emerging market and developing economies (EMDEs)*, November (forthcoming).

⁴² Access to clearing infrastructure may, in some instances, also take place if a jurisdiction allows for registration of foreign-organised infrastructures and/or through deference arrangements where deference in whole or in part is given to the infrastructure's home country regime. Section 3.5.2.2 highlights the recent FSB report on existing deference regimes and arrangements.

More generally, a core objective of the PFMI for CCPs (and other FMIs) has been to enhance the risk management of CCPs and thereby the resilience of central clearing, including client clearing arrangements. Progress on monitoring individual jurisdictions' implementation of the PFMI is discussed further in **Section 3.4** below.

In October 2013 CPMI and IOSCO released a consultative document on additional public quantitative disclosure standards for CCPs.⁴³ It sets out certain quantitative data that a CCP may be expected to publish regularly to meet the PFMI principle on disclosure, and complements the disclosure framework for FMIs (published in December 2012) that focuses more on qualitative information. Together these two documents are designed to assist CCPs' stakeholders to better understand CCPs' risks and risk controls.

In recognition of the systemic importance of CCPs and other FMIs, CPMI and IOSCO and the FSB have developed guidance on the recovery and resolution of FMIs, respectively. In 2013, CPMI and IOSCO undertook a public consultation on their draft report on the recovery of FMIs and the FSB carried out a concurrent consultation on implementation guidance on FMI resolution.⁴⁴ A coordinated publication of the final CPMI-IOSCO report and FSB guidance took place in October 2014.⁴⁵

A CPMI-IOSCO taskforce will also examine how authorities are implementing 'Responsibility E' of the PFMI, which sets out the expectations for authorities in facilitating cooperation. Please refer to 3.3.2 for more details regarding implementation monitoring of Responsibilities.

3.3 Implementation of international standards to support effective reform

Some authorities have reported concerns that more consistency is needed in the implementation of existing international standards, and in some cases are looking towards the finalisation of additional international standards to bring more consistency in regulatory approaches. In particular, some authorities have noted the importance of consistency in the implementation of the PFMI (discussed below in **Section 3.4**) as well as implementation of margin and Basel III capital standards. Some authorities have expressed concern over the different exemptions to Basel III across jurisdictions as well as the divergences in implementing the PFMI, and jurisdictions' timetables for implementation of margin standards. Many authorities have also welcomed the international workstreams on risk

⁴³ CPMI-IOSCO (2013), *Public quantitative disclosure standards for central counterparties – Consultative report*, October; available at: <http://www.bis.org/publ/cpss114.pdf>.

⁴⁴ CPMI-IOSCO (2013), *Recovery of financial market infrastructures – Consultative report*, August; available at: <http://www.bis.org/publ/cpss109.pdf>; and FSB (2013), *Application of the Key Attributes of Effective Resolution Regimes to Non-Bank Financial Institutions – Consultative document*, August; available at: https://www.financialstabilityboard.org/publications/r_130812a.pdf.

⁴⁵ CPMI-IOSCO (2014), *Recovery of financial market infrastructures*, October; available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD455.pdf>; and FSB (2014), *Key Attributes of Effective Resolution Regimes*, October; available at: http://www.financialstabilityboard.org/publications/r_141015.pdf. These workstreams do not, however, address potential issues related to concentration of activity within intermediaries.

mitigation of non-centrally cleared OTC derivatives, and recovery and resolution as providing needed guidance (discussed below).⁴⁶

Standard setting bodies have generally put in place workstreams to monitor the implementation of their standards. The remainder of this section highlights international workstreams currently in place to address issues of consistency in implementation and workstreams that are in the process of finalising standards and guidance.

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

As noted in the April 2014 progress report, the BCBS and IOSCO established a monitoring group to assess the state of implementation, readiness, and efficacy and appropriateness of the margin requirements across jurisdictions, consistent with the goals set forth in the monitoring and evaluation section of the final margin framework.⁴⁷ The work will be phased to take into consideration the timetables for implementation established by the framework. The first phase of the assessment during 2014 will focus on national and industry implementation and review the relation and consistency of margin requirements with other requirements. The second phase of assessments will begin after margin requirements come into force and will evaluate exemptions to the margin requirements and review the liquidity impacts of the requirements.

3.3.2 CPMI-IOSCO implementation monitoring of PFMI

In May 2014, CPMI and IOSCO published the first update to the Level 1 assessment report (Update Report).⁴⁸ The Update Report showed that significant progress has been made by jurisdictions since the initial Level 1 assessment report was published in August 2013. The Update Report also revealed that progress in implementing the PFMI continues to vary according to the type of FMI, though implementation continues to be well advanced for CCPs, TRs and payment systems. The next Level 1 update is planned to start by around end-2014.

*Level 2 assessment of Principles*⁴⁹

The CPMI and IOSCO started the first round of Level 2 assessments of principles applying to FMIs in March 2014.

The first round covers CCPs and TRs in the EU, Japan and US. The aim is to publish the reports on these Level 2 assessments in Q1 2015, with the next round of Level 2 assessments expected to begin in early 2015.

⁴⁶ Some authorities have also noted concerns regarding the absence to date of harmonisation within a particular jurisdiction around certain OTC derivatives definitions, specifically, commodity and foreign exchange derivatives.

⁴⁷ See <http://www.bis.org/publ/bcbs261.pdf> for a description of this group's work.

⁴⁸ The assessments are based on self-assessments by individual jurisdictions on how they have adopted the 24 Principles applying to FMIs and the five Responsibilities for central banks, market regulators, and other relevant authorities for FMIs. A dedicated CPMI-IOSCO implementation monitoring task force (IMTF) reviewed the self-assessments for completeness and consistency.

⁴⁹ Level 2 assessments are a peer review carried out by a "country assessment team" comprised of relevant FMI experts from the CPMI-IOSCO IMTF and wider regulatory community, and are aimed at assessing whether the content of the legal and regulatory framework for implementing the 24 Principles applying to FMIs is complete and consistent with the PFMI. For practical reasons the IMTF had decided to assess the Principles separately from the Responsibilities.

Assessment of Responsibilities

CPMI and IOSCO are planning to have a combined Level 2/Level 3 assessments of the five responsibilities for central banks, market regulators, and other relevant authorities for FMIs (the Responsibilities) outlined in the PFMIs. The aim is to start the Level 2 assessments of Responsibilities in Q4 2014, and to publish the results around mid-2015.

Level 3 assessments of Principles

Further ahead, Level 3 assessments of Principles are planned for 2015 with work ongoing on a proposed methodology and scope for these assessments.

3.3.3 Capital requirements for bank exposures to CCPs

A final standard introducing a revised policy framework for bank exposures to CCPs was published in April 2014 and is scheduled to take effect as of January 2017.⁵⁰ The BCBS will monitor the impact of this standard through its regular capital monitoring exercises.

3.3.4 Risk mitigation standards for non-centrally cleared derivatives

In January 2014, IOSCO set up the Working Group on Risk Mitigation Standards to develop, in consultation with the BCBS and CPMI, standards for risk mitigation techniques for non-centrally cleared OTC derivatives applicable to covered market participants. The working group is developing standards in the following areas: trading relationship documentation, trade confirmation, valuation with counterparties, reconciliation, portfolio compression, and dispute resolution. IOSCO released a consultation paper on the proposed risk mitigation standards in September 2014,⁵¹ and plans to issue a final report by the end of 2014.

3.4 Cross-border regulatory issues

3.4.1 Cross-border issues identified by FSB members

Some authorities continue to be concerned about the interaction of reform implementation across jurisdictions given the highly cross-border nature of OTC derivatives markets. Work is going forward to address issues where existing regulatory approaches result in, or have the potential to result in, gaps, duplication, inconsistencies or conflicts in cross-border regulation. At the same time, some authorities have noted that there are still indications of liquidity fragmentation. They also stressed the need for increased clarity around the scope and processes for deference to foreign regulatory regimes as well as a need for an increase in cooperative and deference arrangements.

As reform implementation deepens across jurisdictions, authorities can more clearly identify cross-border issues as they arise. Accordingly, the FSB continues to urge jurisdictions to promptly put in place any remaining legislation and regulation in a form flexible enough to respond to cross-border consistency and other issues that may arise. In some instances,

⁵⁰ BCBS (2014), *Capital requirements for bank exposures to CCPs – Final Standards*, April; available at: <http://www.bis.org/publ/bcbs282.htm>. The consultative document was BCBS (2013), *Capital treatment of bank exposures to central counterparties - consultative document*, June; available at: <http://www.bis.org/publ/bcbs253.pdf>.

⁵¹ IOSCO (2014), *Risk Mitigation Standards for Non-centrally Cleared OTC Derivatives – Consultation Report*, September; available at: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD450.pdf>.

regulatory differences that have been identified may only be temporary and managed through appropriate, time-limited transitional measures (where these are available). Longer-term solutions may be needed, however, in other instances. Some jurisdictions are of the view that deference should be used as a tool that allows for longer-term coordination of regulatory approaches; this and other tools are being explored in international fora as discussed further below.

3.4.1.1 Oversight of financial market infrastructure

Authorities have noted areas where cross-border cooperation is lagging, including an instance where a cooperative oversight arrangement for an FMI has been discontinued. Some authorities noted that more work is needed on both a bilateral and multilateral basis, as appropriate to foster efficient and effective communication and consultations through cooperative arrangements to promote the safety and efficiency of FMIs, as appropriate, consistent with Responsibility E of the PFMI. As discussed earlier, the ability of infrastructure providers to operate in multiple jurisdictions can help to facilitate smooth market functioning and the G20 objectives regarding central clearing and trade reporting. Market participants' use of global infrastructures located in other jurisdictions, however, has increased the need for greater cooperation and coordination among various authorities with mutual interest in a particular FMI. Multilateral arrangements, as one example of cooperative arrangements consistent with Responsibility E, may be effective and efficient mechanisms for authorities to, for example, share information, exchange views, and foster efficient communication during periods of market stress. Relevant authorities should explore appropriate ways to cooperate to foster efficient and effective communication and support each other in fulfilling their respective regulatory, supervisory, or oversight mandates with respect to FMIs.

3.4.1.2 Potential for market reorganisation around use of organised trading platforms

As variation in timing of implementation of trade execution requirements and in decisions whether to implement any trade execution requirements in response to the G20 commitment continues, some authorities continue to report observing reorganisation of business activities along jurisdictional lines (though only limited data is available to measure whether and, if so, to what extent such reorganisation may be taking place). Some authorities believe that this reorganisation reflects steps taken by some counterparties to minimise them or their clients being subject to, for instance, trade execution requirements in certain jurisdictions. At present, very few jurisdictions have trade execution requirements in effect. Although requirements are planned to come into effect in some jurisdictions, in most cases these are not expected to take effect for several years. Moreover, as discussed in **Section 2.5.2**, jurisdictions have reported differences in approaches to implementing this commitment area, ranging from variation in regulatory approaches (which could include, for instance, determining whether to implement any trade execution requirements, or the types of organised trading platforms that can be used by market participants,) to timing of implementation, or both.

In the event that reorganisation is taking place or does take place on a significant scale, authorities have raised some broad concerns. Some authorities are concerned that if market participants reduce or eliminate cross-border transactions, there is a potential for fragmentation of the existing market liquidity pools. Also, 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 the supervisability and risk management of these firms.

With few jurisdictions having put trade execution requirements in place, it is not clear whether the risk of liquidity fragmentation will dissipate as regulations come into force and deference mechanisms come into place across more jurisdictions, or whether there will be a longer term issue. As noted in earlier progress reports, authorities should continue to monitor the 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.

3.4.2 International workstreams to support progress in addressing cross-border issues

3.4.2.1 IOSCO Task Force on Cross-Border Regulation

IOSCO's Task Force on Cross-Border Regulation is mandated to identify, consider and describe cross-border regulatory tools, and covers a range of cross-border regulatory issues in securities markets. A consultation paper summarising and building on the findings of the survey and roundtables will be issued in Q4 2014, seeking feedback from a variety of stakeholders. An interim report based on the consultation paper will also be submitted to the November G20 Leaders' Summit. A final report is expected to be published in the first half of 2015.

3.4.2.2 FSB report on jurisdictions' ability to defer to each other's OTC derivatives market regulatory regimes

To assist authorities' and market participants' understanding of the existing legal capacities and processes jurisdictions have in place to defer to one another in cross-border contexts, the FSB Chairman wrote to all FSB member jurisdictions requesting information on frameworks for deference to another jurisdiction's OTC derivatives regulatory requirements applicable to TRs, CCPs, organised trading platforms and to market participants. In September 2014, the FSB published a summary of the responses to the Chairman's request,⁵² noting among other things, that (i) while there are some broad similarities in how jurisdictions approach the application of deference, there are nevertheless differences in the circumstances under which deference would be applied, and how it would be applied; (ii) the authority (or types of authority), standards and processes for making determinations vary across jurisdictions and, in some instances, within jurisdictions, depending on the entity requesting deference or the scope of deference being granted; and (iii) although most jurisdictions have in place the authority to make deference decisions, only a small number of jurisdictions have to date made determinations and are already deferring to other jurisdictions for some portion of OTC derivatives regulation.

Although most FSB member jurisdictions (14) reported having some authority to exercise deference with respect to some portion of OTC derivative regulation, only four have made formal decisions (Australia, Canada, EU and US (CFTC)). Five jurisdictions reported currently having no capacity to defer to another jurisdiction's OTC derivatives regime

⁵² FSB (2014), *Jurisdictions' ability to defer to each other's OTC derivatives market regulatory regimes – FSB report to G20 Finance Ministers and Central Bank Governors*, September; available at: http://www.financialstabilityboard.org/publications/r_140918.pdf.

(Argentina, Brazil, China, India and Indonesia). The report notes that further decisions on deference by jurisdictions or individual regulators can be expected over time as the OTC derivatives reform process progresses. Some jurisdictions report that they anticipate making deference decisions only when their own rules are in effect and when rules in other jurisdictions are also finalised.

Most jurisdictions report that they will not look for identical rules in assessing foreign jurisdictions but that they will (or plan to) consider outcomes or impacts of regulation as well as assess compliance with relevant international standards. Most jurisdictions that provide deference report doing so on a partial or conditional basis – essentially allowing for an entity to comply with a certain subset of home country rules instead of complying with multiple sets of regulatory requirements but maintaining some supervisory oversight and, in some instances, maintaining compliance with certain requirements. Jurisdictions also often report requiring some form of cooperation agreements to be in place as a condition for granting deference, which can vary in the substance, but often include terms for information sharing and representations around confidential treatment of information shared.

In other areas, there is more variation. The scope of application of deference can vary widely depending on the policy area, the supervisor or regulator exercising deference and/or the type of entity to which deference is being granted. At the same time, in the context of OTC derivatives reforms, the deference report suggests an expectation that further deference determinations by jurisdictions or individual regulators may be made as OTC derivatives reforms progress.

The FSB encourages jurisdictions and regulators to defer to each other when it is justified, in line with the St. Petersburg G20 Leaders' Declaration in September 2013.⁵³

More work could be done to better understand the circumstances under which deference and other regulatory tools could be used. The Regulators Group currently is working to implement understandings in the areas of equivalence and substituted compliance, by continuing to consider how deference will work in practice. This group is well positioned to take such work forward and has begun working on practical aspects of deference, building on the survey work of the FSB, by drawing out themes and identifying potential common approaches.

3.4.2.3 Regulators Group and other jurisdiction-specific progress

The Regulators Group has been meeting regularly to work through a range of cross-border issues of common interest. In September 2014, the Regulators Group provided its second report of 2014 on cross-border implementation issues. The report provided an update on the development of new understandings relating to the treatment of organised trading platforms and their use for compliance with mandatory trading commitments. The report also outlined progress in implementing understandings previously reached by the Regulators Group, and noted an issue relating to barriers to reporting data to trade repositories.⁵⁴

⁵³ Available at: https://www.g20.org/sites/default/files/g20_resources/library/Saint_Petersburg_Declaration_ENG.pdf.

⁵⁴ Report of the OTC Derivatives Regulators Group on Cross-Border Implementation Issues, September 2014; available at: https://www.g20.org/sites/default/files/g20_resources/library/10%20Report%20of%20the%20OTC%20Derivatives%20Regulators%20Group%20on%20Cross-Border%20Implementation%20Issue_0.pdf.

The Regulators Group is expected to publish a report ahead of the November 2014 G20 Leaders Summit on how it has addressed, or intends to address identified cross-border issues since the St. Petersburg Summit, as well as updating on continuing areas of focus for the Regulators Group, including further progress made bilaterally and in other fora.

The FSB report on deference provides some information on jurisdictions that have exercised deference or that are in the process of making deference decisions regarding specific jurisdictions. In addition, some jurisdictions have taken further steps to clarify their position on cross-border transactions or provide transitional relief.⁵⁵

- The SEC adopted the first of a series of rules and guidance on cross-border security-based swap activities for market participants. The SEC also adopted a procedural rule regarding the submission of “substituted compliance” requests. This rule represents a first step in the SEC’s efforts to establish a framework to address the possibility that market participants may be subject to more than one set of comparable regulations across different jurisdictions as a result of their cross-border swaps activity.
- In June 2014, ASIC published regulatory guidance that states ASIC considers a number of jurisdictions’ trade reporting requirements as equivalent to the Australian requirements, including the requirements of the European Union, Japan, and CFTC. ASIC is currently engaging in equivalence processes relating to potential licensed trade repositories, prescribed trade repositories and organised trading platforms based in foreign jurisdictions.
- In October 2014, the European Commission adopted its first ‘equivalence’ decisions for the regulatory regimes of CCPs in Australia, Hong Kong, Japan and Singapore. The CCPs in these jurisdictions will be able to obtain recognition in the EU, and therefore be used by market participants to clear standardised OTC derivatives, while remaining subject solely to the regulation and supervision of their home jurisdiction. The European Commission is working in parallel on assessing twelve additional jurisdictions.

3.5 Progress in other international workstreams

3.5.1 Assessing incentives created by OTC derivatives regulatory reform

The OTC Derivatives Assessment Team (OTC DAT)⁵⁶ has undertaken an assessment of the incentives to centrally clear OTC derivatives resulting from the various standards for capital

The Regulators Group also delivered a report in March 2014, which is available at: https://www.g20.org/sites/default/files/g20_resources/library/Report%20of%20the%20OTC%20Derivatives%20Regulators%20Group%20on%20Cross-Border%20Implementation%20Issues.pdf.

⁵⁵ The CFTC has recently registered two foreign CCPs (LCH.Clearnet.SA and SGX) and provided conditional no-action relief to other clearing organisations including CCPs located in Australia, the EU, Hong Kong, India, Japan and Korea, which permits these CCPs to provide clearing services for proprietary trades of clearing members that are US persons, subject to certain conditions.

⁵⁶ 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, CPMI and IOSCO. Members of the OTC DAT have been drawn from the Bank of Canada, Bank of England, Autorité de Contrôle Prudentiel et de Résolution, Banque de France, Deutsche Bundesbank, Federal Reserve Bank of New York, Federal Reserve Board, Japan Financial Services Agency, de Nederlandsche Bank, and Sveriges Riksbank.

and margin requirements developed by standard-setting bodies, with a report on its findings published in October 2014.⁵⁷

For its analysis, the OTC DAT developed a stylised framework for examining whether these regulatory changes create appropriate incentives for market participants to centrally clear instead of trading OTC derivatives bilaterally. The OTC DAT undertook a quantitative impact study to improve its understanding of the aggregate effects of regulatory changes on OTC derivatives contracts, and to provide supporting evidence to finalise some key decisions related to proposed regulatory reforms. The results of the quantitative analysis indicate that clearing member banks (i.e. those institutions that clear directly with CCPs) have incentives to clear centrally, though central clearing incentives for indirect clearing are less obvious. However, given that clearing member banks account for the bulk of derivatives trading, and that the OTC DAT concluded that these banks do have incentives to centrally clear, the regulatory settings analysed are supportive of G20 OTC derivatives reform objectives.

3.5.2 Central information repository on central clearing requirements

The February 2012 IOSCO report on requirements for mandatory clearing recommended that IOSCO explore the establishment of a central information repository to consolidate information on jurisdictions' clearing requirements. IOSCO subsequently established this information repository, which has been available to IOSCO members since February 2014 and was made available to the public in August 2014.⁵⁸

⁵⁷ BIS (2014), *Regulatory reform of over-the-counter derivatives: an assessment of incentives to clear centrally*, October; available at: <http://www.bis.org/publ/othp21.pdf>.

⁵⁸ IOSCO's information repository as at 30 September 2014 is available at: <http://www.iosco.org/library/information-repositories/zip/20141028-Information-repository-for-central-clearing-requirements.zip>.

Appendix A: Timetable for implementation of trade reporting commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|-----------------------|---|---|---|--|--|---|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Argentina | <i>Rules requiring exchanges to register bilateral transactions previously published</i> | | Implementation of rules requiring exchanges to establish registries for OTC derivatives transactions. (<i>Argentina reports that most trading is done on exchange.</i>) | | | | |
| Australia | <i>Reporting requirements being phased in and in effect for some asset classes and types of market participants</i> | 'Reporting entities' with ≥ \$50bn OTC notional outstanding required to report credit and interest rate derivatives | First TR licensed under ASIC rules | 'Reporting entities' with ≥ \$50bn OTC notional outstanding required to report commodity, equity and FX derivatives. | 'Reporting entities' with between \$5 and \$50bn OTC notional outstanding required to report credit and interest rate derivatives. | 'Reporting entities' with between \$5 and \$50bn OTC notional outstanding required to report commodity, equity and FX derivatives. Remaining 'reporting entities' required to report all asset classes. | |
| Brazil | <i>Legislation previously adopted and effective</i> | | | | | | |
| Canada | | | | Market participants expected to comply with reporting requirements in Ontario, Québec and Manitoba | | Reporting rules to come into effect in Alberta and British Columbia. | |
| China | <i>Relevant OTC derivatives are already subject to reporting requirement</i> | | | | | | |
| European Union | <i>The reporting obligation has been effective for all asset classes, for OTC and listed derivatives since February 2014.</i> | | | | | | |

Appendix A: Timetable for implementation of trade reporting commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|------------------|---|--------------------------------------|--|---------|--|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Hong Kong | <p><i>Some reporting requirements in place pursuant to interim requirements.</i></p> <p><i>The Securities and Futures (Amendment) Ordinance 2014 (SFAO), which gives the regulators the power to impose mandatory reporting obligation, was passed by the Legislative Council in March 2014.</i></p> | The SFAO was gazetted in April 2014. | Public consultation on draft rules was conducted in Q3 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 Q1 2015. The mandatory reporting obligation will take effect in phases, by different types of market participants and products. | | |
| India | <p><i>Improvements regarding the granularity of data captured by the TR in the existing reporting arrangements for interbank and client OTC FX derivatives were made.</i></p> <p><i>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</i></p> | | | | | | |
| Indonesia | <p><i>Reporting requirements will remain required only for certain types of derivatives (i.e. foreign exchange and interest rate derivatives).</i></p> | | | | | | |

Appendix A: Timetable for implementation of trade reporting commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|--------------------------|--|---|---------|---------|--|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Japan | <i>Legislation adopted in May 2010 Reporting requirements implemented in November 2012, with a transition period until April 2013.</i> | | | | | | |
| Republic of Korea | <i>CCPs expected to report transactions</i> | 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 them was issued in May 2014. | | | 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 force February 2015. Information requests for credit derivative transactions will become effective in 2015. | | |
| Russia | <i>Begin the process of harmonization of the legislation to comply with PFMI; modification of the close-out netting.</i> | Extended exemption for reporting of majority of products until January 2015. Amended Federal Securities Market Law to provide the Central Bank with the right to adopt a taxonomy of OTC contracts eligible for trade reporting. | | | April 2015: reporting obligation will apply to all derivatives. | | |

Appendix A: Timetable for implementation of trade reporting commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|---------------------|--|---------|---|--|---|---|---|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Saudi Arabia | <i>Trade reporting requirements and an operating local TR came into effect in December 2012.</i> | | | | | | |
| Singapore | <i>TR licensing regime in force 1 August 2013.</i> | | Regulations to phase in reporting of FX derivatives to be consulted upon. | | Reporting of FX derivatives to be effective. | | |
| 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 | <i>Draft legislation published on December 13, 2013.</i> | | | | Legislation anticipated to be adopted. | Legislation anticipated to enter into force. | Reporting requirements to be phased in. |
| Turkey | <i>Legislation previously adopted.</i> | | | Draft regulations for TRs registration/recognition and reporting obligations are anticipated to be published. Registration/Recognition of TRs. | Reporting should become effective, based on operation of TR | | |

Appendix A: Timetable for implementation of trade reporting commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|----------------------|--|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| United States | <p><i>CFTC: 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.</i></p> <p><i>SEC: Proposed rules implementing reporting requirements and specifying registration requirements, duties and core principles of Security-Based Swap Data Repositories.</i></p> | | | | | | |

Appendix B: Timetable for implementation of central clearing commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|------------------|---|--|--|---|---|--|--|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Argentina | <i>Legislation and rules previously adopted</i> | | | | | | |
| Australia | <i>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.</i> | 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. | Supplementary consultation on a clearing obligation for Australian-dollar denominated interest rate derivatives being conducted. Final consultation on draft ministerial determination and associated regulations mandating central clearing for OTC interest rate derivatives denominated in Australian dollars, US dollars, euros, Japanese yen and British pounds. | | Ministerial determination and associated regulations imposing central clearing obligation expected to be made. ASIC expected to undertake consultation on detailed rules in relation to the application of a clearing obligation to OTC interest rate derivatives transactions, denominated in Australian dollars, British pounds, euros, Japanese yen and US dollars (depending on timing of Government decision to issue ASIC with any mandate). | ASIC central clearing rules expected to take effect (depending on timing of Government decision to issue ASIC with any mandate). | |
| Brazil | <i>Brazil has existing authority to adopt clearing requirements, as needed.</i> | | | | | | |
| Canada | <i>January: Segregation and Portability Model Provincial Rule published</i> | | | | Provincial rules to be adopted in Ontario, Québec and Manitoba. | | Provincial rules effective in Ontario, Quebec and Manitoba |
| China | <i>PBC permitted Shanghai Clearing House to launch CCP clearing service for RMB IRS on Dec. 31, 2013</i> | | China launched mandatory CCP clearing for RMB IRS on 1 July 2014 | Shanghai Clearing House has been approved to launch CCP clearing for RMB FX derivatives on Nov. 3rd, 2014 | | | |

Appendix B: Timetable for implementation of central clearing commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|-----------------------|---|---|---|---|--|--|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| European Union | <i>CCPs begin to be permitted to operate (first CCPs authorised in March 2014).</i> | Publication of a consultation paper by ESMA on the central clearing obligation. | Central clearing regulatory technical standards submitted to the Commission for adoption. | Central clearing regulatory technical standards adopted. | | Central clearing regulatory technical standards in force. | |
| Hong Kong | <i>The SFAO, which gives the regulators the power to impose mandatory clearing obligation, was passed by the Legislative Council in March 2014.</i> | The SFAO was gazetted in April 2014. | | | Public consultation on the draft rules expected to be conducted around H1 2015 | Goal to introduce mandatory clearing obligations in phases by different types of market participants and products. | |
| India | <i>Optional CCP based clearing [will be] operational by 2014 for IRS.</i> | Central Clearing in FX forwards was made mandatory in Q2 2014. | | For FX swaps, optional guaranteed central clearing facility is already in place. Mandatory CCP based clearing is proposed to be made operational by end of 2014 for FX options, depending on the development of the market | Based on the experience of central clearing of IRS trades, a decision that will mandate this will be taken by 2015. 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. Introduction of CCP clearing for FX options would be reviewed by March 2015, subject to improvement in liquidity | | |

Appendix B: Timetable for implementation of central clearing commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|--------------------------|--|--|--|--|---------|--|--|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Indonesia | <i>Equity derivatives required to be centrally cleared; however equity derivatives are traded on exchange and not OTC in the market currently.</i> | | | | | | For the time being, an economic incentive in accordance with Basel III requirements is the preferred approach to be introduced for non-cleared OTC derivatives transactions. A feasibility study to introduce CCP requirements commensurate with the development level of OTC derivatives markets in Indonesia will be considered. |
| Japan | <i>Legislation adopted in May 2010. Clearing requirements implemented beginning with certain CDS and IRS products.</i> | JFSA conducted a public consultation to amend its clearing requirements to expand the scope of products and entities, and finalised the amendment. | JFSA expanded the scope of products to yen-denominated IRS with reference to TIBOR. | JFSA will expand the entities subject to clearing obligation to Financial Instruments Business Operators (FIBOs) and registered financial institutes (RFIs) with the outstanding transaction volume of no less than JPY 1 Trillion from 1 December 2014. | | JFSA will expand the entities subject to clearing obligation to Financial Instruments Business Operators (FIBOs) and registered financial institutes (RFIs) with the outstanding transaction volume of no less than JPY300 billion from 1 December 2015. | |
| Republic of Korea | <i>03 March 2014, Voluntary clearing starts for prescribed OTC derivatives</i> | June 30, Prescribed OTC derivatives subject to clearing requirement (IRS sub products) | | | | | |
| Mexico | | Regulation allowing local CCPs to clear OTC derivatives and strengthening its operation and management issued May 2014. | Regulation strengthening CCP operation and management comes into effect August 2014. | Regulation to declare standardised OTC contracts and the central clearing mandate to be issued. | | Regulation to declare standardised OTC contracts and the central clearing mandate expected to come into force. | |

Appendix B: Timetable for implementation of central clearing commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|---------------------|---|--|--|---|---|---|--------------------------------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Russia | | Central clearing services are introduced for certain types of contracts at the Moscow Exchange | Begin the process of amending legislation to harmonise 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 | <i>CCP licensing regime in force 1 Aug 2013.</i> | | | Central clearing requirements to be consulted upon. | | Central clearing requirements expected to be effective in H2 2015 | |
| South Africa | <i>Legislation previously adopted and effective</i> | | | | Ongoing market assessment and consultation to develop mandatory requirements where appropriate. | | |
| Switzerland | <i>Draft legislation published on December 13, 2013</i> | | | | Legislation anticipated to be adopted. | Legislation anticipated to enter into force. | Clearing obligations to be phased in |

Appendix B: Timetable for implementation of central clearing commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|----------------------|---|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Turkey | <p><i>Legislation adopted; CCP is authorised to centrally clear products traded on exchange.</i></p> <p><i>Implementing by-regulation put into force regarding Futures and Options Market operated under Exchange Istanbul</i></p> | | | | | | |
| United States | <p><i>CFTC: Adopted final rules regarding processes for the review of OTC derivatives for mandatory clearing. Issued clearing determinations for certain interest rate and credit default swap classes. Also finalised rules on clearing documentation, the timing for acceptance of centrally cleared trades, and core principles applicable to derivative clearing organisations. Swap dealers and private funds began clearing on 11 March 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.</i></p> <p><i>SEC: Adopted rules in October 2012 governing operation and risk management standards</i></p> | | | | | | |

Appendix B: Timetable for implementation of central clearing commitment

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|---------|--|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| | <i>for registered clearing agencies, including registered CCPs. Proposed rules that would apply to the operation, governance and risk management of covered clearing agencies, which would include certain designated systemically important clearing agencies and clearing agencies that clear SBS swaps.</i> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|-----------------------|---|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| 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. January: CVA capital charges implemented</i> | | | | | | |
| China | | | | | | | |
| European Union | <i>CRR and CRD IV entered into force in June and July 2013, respectively. CRR, in most of its parts, has direct and legally binding effect in all member states of the EU as of 1 January 2014. Most parts of CRD IV must have been implemented by all EU member states by 31 December 2013,</i> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|------------------|---|--|---------|---|--|---------|--|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Hong Kong | <i>The legislation came into operation on 1 Jan. 2013.</i> | The HKMA issued circulars to locally incorporated authorised institutions informing them of intention to implement final BCBS standards on the standardised approach for measuring counterparty credit risk exposures and BCBS' revised capital requirements for bank exposures to CCPs in accordance with BCBS timeline (i.e. requirements to come into effect on 1 Jan 2017) | | HKMA: To begin developing policy proposal for the implementation of the above standards and prepare for legislative amendments. | The SFC plans to conduct public consultation on revised capital requirements more tailored for OTC derivatives, taking into account the capital treatment of OTC derivatives in major overseas markets. Consultation planned for H2 2014. | | HKMA: To complete industry consultation and legislation process for the implementation of the above standards in accordance with the timeline set by BCBS. |
| India | <i>Rules on Capital Requirements for Banks' Exposures to Central Counterparties became effective from January 1, 2014 that significantly reduced the capital requirement for centrally cleared products. In addition, CVA capital charge for non-centrally cleared derivative also became effective from January 1, 2014.</i> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|--------------------------|--|---|---------|---------|---|--|--|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| 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. | | For the time being, an economic incentive in accordance with Basel III requirements is the preferred approach to be introduced for non-cleared OTC derivatives transactions. A feasibility study to introduce CCP requirements commensurate with the development level of OTC derivatives markets in Indonesia will be considered. |
| Japan | <i>Capital requirements implemented when Basel III requirements were applied to banks and some securities companies</i> | | | | | | |
| Republic of Korea | <i>CVA capital charge for non-centrally cleared derivatives was implemented.</i> | Rules on capital requirements for Banks exposures to Central Counterparties are scheduled to become effective from June 30. | | | | | |
| 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> | | | | Further capital requirements for counterparty credit risk in derivatives, including CVA risk and exposures to central counterparties, to be adopted. | Further capital requirements for counterparty credit risk in derivatives, including CVA risk and exposures to central counterparties, are expected to be effective in H2 2015. | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|---------------------|--|---------|--|---------|---|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Russia | | | | | | | |
| Saudi Arabia | <i>SAMA fully implemented the Basel III framework for implementation as of 1st January 2013, including the measure to incentivise 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> | | | | | | |
| Switzerland | | | | | | | |
| Turkey | | | Draft regulation on higher capital requirements for non-centrally cleared trades and counterparty risk management principles go for public consultation. | | Regulation is expected to take effect at the beginning of 2015. | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|----------------------|---|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| United States | <p><i>The US banking agencies have adopted rules to implement Basel III capital requirements in the US. The Federal Housing Finance Agency (FHFA) has capital requirements in place. The Farm Credit Administration has capital requirements in place for the Farm Credit System banks and associations and the Federal Agricultural Mortgage Corporation. Entities currently registered as futures commission merchants (FCMs) are subject to CFTC capital requirements.</i></p> <p><i>The CFTC has proposed capital requirements that would apply to swap dealers and major swap participants, pursuant to the Dodd-Frank Act.</i></p> <p><i>In October 2012, the SEC proposed capital requirements for non-bank security-based swap dealers. The proposed capital requirements are based on the capital requirements currently applicable to securities brokers and dealers.</i></p> | | | | | | |

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

| Country | 2014 | | | 2015 | | 2016 and beyond |
|----------------|---|--|---|--|--|--|
| | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Argentina | | | | | | |
| Australia | | | | APRA is expected to consult on changes to prudential standards to implement margin requirements for non-centrally cleared derivatives during 2015. | | Margin requirements expected to be phased in. |
| Brazil | | | | | Rules for margining requirements will be issued in 2015. | Rules for margining requirements will be adopted |
| Canada | | | | Implementation according to BCBS-IOSCO Framework | | Adoption of margin rules. |
| China | | | | | | |
| European Union | Public consultation paper by EBA on the margin requirements | Central clearing regulatory technical standards submitted to the Commission for adoption. | Regulatory technical standards on margin requirements adopted. | | Margin requirements regulatory technical standards start entering into force from 1 st December 2015, according to BCBS-IOSCO timetable. | |
| Hong Kong | | Developing policy proposals for implementation of the global margining standards in Hong Kong for banks. | Initial industry consultation on margining proposals for banks. | SFC is considering local implementation of the BCBS-IOSCO recommendations for margin requirements and intends to align with the recommendations to the extent appropriate. | Implementation of global margining standards in Hong Kong for banks starting in December 2015, consistent with the BCBS-IOSCO timetable and phase-in arrangements. | |
| India | | | | | | Rules for Margining requirements will be issued in 2015. |
| Indonesia | | | | | | |
| Japan | | JFSA proposed the public consultation of the domestic implementation | | | Margin requirements expected to come into | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|--------------------------|--|--|--|--|--|--|---------------------------------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| | | | for margin requirements based on the international principles finalised by the BCBS-IOSCO. | | | effect. | |
| Republic of Korea | <i>Policy options are under review</i> | | | | | | |
| Mexico | | | | | Margin requirements for non-centrally cleared derivatives to be defined during 2015. | | |
| Russia | | | | | | | |
| Saudi Arabia | | SAMA surveyed banks in its jurisdiction to verify that they are compliant with the final BCBS-IOSCO standards for variation margin, and plan to issue guidance for banks on implementation of initial margin requirements consistent with the BCBS-IOSCO standards over the next year. | | | | | |
| Singapore | | | | Proposed margin requirements to be consulted upon. | | Margin requirements framework expected to be effective as per BCBS-IOSCO timeline. | |
| South Africa | | | | | Implementation as per the BCBS-IOSCO framework and timetable | | |
| Switzerland | <i>Draft legislation published in December 2013.</i> | | | | Legislation anticipated to be adopted. | Legislation anticipated to enter into force. | Margins requirements to be phased in. |
| Turkey | | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|----------------------|---|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| 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 have issued revised proposals in light of the BCBS-IOSCO September 2013 framework.</i> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|-----------------------------|--|---|---------|---------|---|---------|------------------------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Argentina | <i>Argentina's legislation and regulation previously adopted</i> | | | | | | |
| Australia | | The Australian regulators consider the case for recommending mandatory platform trading in their April 2014 <i>Report on Australian OTC Derivatives Market</i> . While they concluded that it was not yet appropriate to make such a recommendation, they committed 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. | | | Australian regulators will examine 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 paper to be published. | | Adoption of Provincial Rules |
| China | <i>In interbank market, Bond Forward and FX OTC derivatives transactions should be</i> | | | | | | |

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

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|-----------------------|---|---|---------|---------|---------|---------|--|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| | <i>executed via CFETS electronic trading platform. IRS transactions can be traded via platform or by phone, but must be confirmed via CFETS trading platform.</i> | | | | | | |
| European Union | <i>In January 2014, the European Commission, the European Parliament and the Council have reached a political agreement on MiFID / MiFIR.</i> | <p>MiFID II and MiFIR both repealing Directive 2004/39/EC published in the Official Journal of the EU (June 2014).</p> <p>EC sent mandates to ESMA, EBA and EIOPA for advice on possible delegated acts concerning MiFID II.</p> <p>ESMA published Discussion Paper to gather input from stakeholders on the proposed RTS/ITS in May 2014. On the basis of the basis of the responses received, a subsequent consultation paper will be prepared and is expected to be published between December 2014 and March 2015.</p> <p>ESMA has also published a Consultation Paper on the Technical Advice it must provide the EC by December 2014.</p> | | | | | <p>EU Member States are required to implement MiFID II in their national legislations within 24 months after the entry into force of MiFID II (by June 2016)</p> <p>MiFID II/MiFIR will apply within 30 months after the entry into force of MiFID II (January 2017)</p> |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|------------------|--|--------------------------------------|---------|---|--|---------|---|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Hong Kong | <i>The SFAO, which gives the regulators the power to impose mandatory trading obligation, was passed by the Legislative Council in March 2014.</i> | The SFAO was gazetted in April 2014. | | | | | Consultation on the draft rules is expected to be conducted around 2016/2017. |
| India | | | | Electronic trading platform for interbank trades in IRS would be put in place by December 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.</p> <p>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> | | |
| Indonesia | <i>Exchange/electronic trading platform requirements remain effective only for certain types of derivatives</i> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|--------------------------|---|---|---|--|---------|--|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Japan | <i>Legislation adopted in September 2012.</i> | | JFSA proposed the public consultation of the details of regulation related trade execution. | | | Mandatory use of the ETP for a certain subset of yen-denominated IRS will take effect by September 2015. | |
| Republic of Korea | <i>Policy options are under review</i> | | | | | | |
| Mexico | | Regulation to strengthen the operation and management of electronic trading platforms issued June 2014. | Regulation to strengthen the operation and management of electronic trading platforms comes into effect September 2014. | Regulation to declare trading on exchange/electronic platforms of standardised OTC contracts to be issued. | | Regulation to declare trading on exchanges/electronic trading platforms expected to come into force. | |
| Russia | | | | | | | |
| 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> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|----------------------|--|---------|---------|---|--|--|---|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| Singapore | <i>Legislation under consultation</i> | | | OTC trading platform licensing regime and trade execution requirements consulted upon | Legislation for OTC trading platform licensing regime and trading requirements expected to be adopted and effective. Provisions for a trading mandate expected to be adopted. | | |
| South Africa | | | | | | | |
| Switzerland | <i>Draft legislation published in December 2013.</i> | | | | Legislation anticipated to be adopted. | Legislation anticipated to enter into force. | Exchange/electronic platform trading requirements to be phased in |
| Turkey | | | | | | | |
| United States | <i>CFTC: Certain swap execution facilities (SEFs) have self-certified swaps for mandatory trade execution. Requirement to execute certain interest rate and credit default swaps on SEFs and designated contract markets took effect in February 2014 for market participants. SEC: Proposed rules governing registration and regulation of security-based swap execution facilities, which include the preliminary view that mandatory trading requirements for security-based swaps should be applied</i> | | | | | | |

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

| Country | | 2014 | | | 2015 | | 2016 and beyond |
|---------|---|---------|---------|---------|---------|---------|-----------------|
| | | Q2 2014 | Q3 2014 | Q4 2014 | H1 2015 | H2 2015 | |
| | <i>pursuant to objective measures established by the SEC.</i> | | | | | | |

Appendix F: Trade repositories

| TR name | Location | Jurisdictions in which TR is authorised to operate as at end-October 2014 | CO | CR | EQ | FX | IR |
|---|--------------|---|-----------|-----------|-----------|-----------|-----------|
| Banco de México | Mexico | MX | | | | | |
| Bank of Korea | Korea | KR | | | | | |
| BM&F Bovespa | Brazil | BR | | | | | |
| BSDR LLC | US | US | | | | | |
| CCIL | India | IN | | | | | |
| CETIP | Brazil | BR | | | | | |
| Chicago Mercantile Exchange Inc. | US | [AU], CA, (US) | | | | | |
| CME European Trade Repository | UK | EU | | | | | |
| DTCC-DDR | US | [AU], CA, (US) | | | | | |
| DTCC Data Repository – Japan | Japan | [AU], JP | | | | | |
| DTCC-DDRL | UK | [AU], EU | | | | | |
| DTCC Data Repository – Singapore | Singapore | AU, SG | | | | | |
| Financial Supervisory Service | Korea | KR | | | | | |
| HKMA-TR | Hong Kong | [AU], HK | | | | | |
| ICE Trade Vault | US | [AU], CA, (US) | | | | | |
| ICE Trade Vault Europe | UK | EU | | | | | |
| KDPW Trade Repository | Poland | EU | | | | | |
| Korea Exchange (KRX) | Korea | KR | | | | | |
| CJSC National Settlement Depository (NSD) | Russia | RU | | | | | |
| REGIS-TR | Luxembourg | EU | | | | | |
| OJSC “Saint-Petersburg Exchange” (SPBEX) | Russia | RU | | | | | |
| SAMA TR | Saudi Arabia | SA | | | | | |
| UnaVista | UK | [AU], EU | | | | | |
| Total | | | 18 | 19 | 19 | 20 | 22 |

() indicates application pending / under consideration in indicated jurisdiction

[] indicates recognition/prescription in place for these TRs in Australia

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

Sources: FSB member jurisdictions; various TRs.

Appendix G: Central counterparties clearing OTC derivatives

| CCP name | Location | Jurisdictions in which CCP is authorised to operate as at end-October 2014 ¹ | CO | CR | EQ | FX | IR |
|-------------------------------------|-----------------|---|-----------|----------|----------|--------------|-----------|
| Asigna | Mexico | (EU), (MX) | | | | | |
| ASX Clear | Australia | AU, (EU) | | | | | |
| ASX Clear (Futures) | Australia | AU, (EU), [US] | | | | | |
| BM&F BOVESPA | Brazil | BR, (EU) | | | | | |
| Cantor Clearinghouse | US | US | | | | | |
| CCIL | India | (EU), IN | | | | | |
| CDCC | Canada | CA, (EU) | | | | | |
| CME Clearing Europe | UK | CA, EU | | | | | |
| CME Group Inc. | US | AU, CA, (EU), US | | | | | |
| Eurex Clearing | Germany | EU, CH, [(US)] | | | | | |
| ECC | Germany | EU | | | | | |
| OTC Clearing Hong Kong Limited | Hong Kong | (EU), HK, [US] | | | | | |
| Holland Clearing House | The Netherlands | (EU) | | | | | |
| ICE Clear Credit LLC. | US | CA, (EU), US | | | | | |
| ICE Clear Europe Ltd. | UK | (EU), US | | | | | |
| JSCC | Japan | (EU), JP, [US] | | | | | |
| KDPW CCP | Poland | EU | | | | | |
| Korea Exchange | Korea | (EU), JP, KR, [US] | | | | | |
| LCH.Clearnet LLC | US | CA, (EU), US | | | | | |
| LCH.Clearnet Ltd | UK | AU, CA, EU, JP, CH, US | | | | | |
| LCH.Clearnet SA | France | EU, US | | | | | |
| LME Clear Ltd | UK | EU | | | | | |
| Nasdaq OMX Stockholm | Sweden | EU | | | | | |
| NADEX | US | US | | | | | |
| CJSC JSCB National Clearing Centre | Russia | RU | | | | | |
| Natural Gas Exchange | Canada | CA, (EU), US | | | | | |
| OCC | US | CA, (EU), US | | | | | |
| OMI Clear | Portugal | EU | | | | | |
| SGX Derivatives Clearing Limited | Singapore | (EU), SG, US | | | | | |
| Shanghai Clearing House | China | CN | | | | ² | |
| Total currently in operation | | | 13 | 7 | 9 | 12 | 17 |

() indicates application pending / under consideration in indicated jurisdiction

[] indicates temporary exemption from authorisation requirements in place in indicated jurisdiction

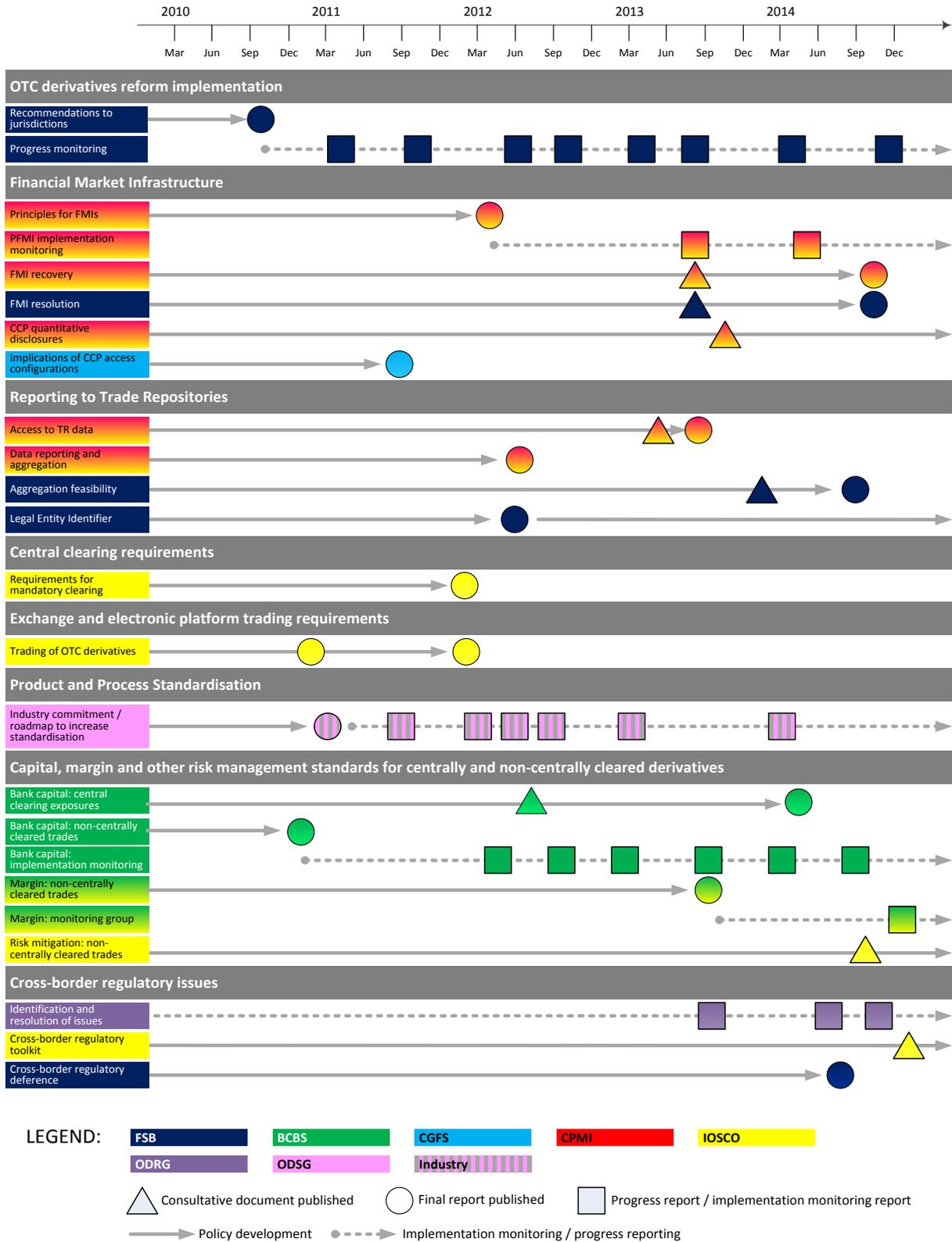
¹ In some cases authorisation is only for a subset of products, and/or for only direct participation or only client clearing. ² Shanghai Clearing House has been approved in China to launch CCP services for FX derivatives on 3 Nov 2014.

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

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 in September 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 Foundation launched during June 2014 and will now look to develop standards and processes for coordinating the global LEI system. |
| Risk mitigation standards | Develop standards for risk mitigation techniques for non-centrally cleared derivatives. | IOSCO (in consultation with BCBS and CPSS) | Final standards expected by the end of 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.roc.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 Final guidance published in October 2014. ⁷⁵ |
| FMI Recovery | Guidance to FMIs on the development of comprehensive and effective recovery plans. | CPSS and IOSCO | Consultative report published in August 2013. ⁷⁶ Final guidance published October 2014. ⁷⁷ |
| CCP Disclosure | Proposed quantitative disclosure requirements for CCPs | CPSS and IOSCO | Consultative report published in October 2013. ⁷⁸ |

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.financialstabilityboard.org/publications/r_141015.pdf

⁷⁶ <http://www.bis.org/publ/cpss109.pdf>.

⁷⁷ <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD455.pdf>

⁷⁸ <http://www.bis.org/publ/cpss114.pdf>.

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| Issue | Action | Responsible | Date finalised |
|--|--|---|---|
| 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.⁷⁹ | IOSCO | Published in February 2011 |
| 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.⁸⁰ | 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). ⁸¹ | 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). ⁸² | BCBS | Interim rules published in July 2012 |
| 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 |

⁷⁹ <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD345.pdf>.

⁸⁰ <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD368.pdf>.

⁸¹ http://www.bis.org/publ/bcbs189_dec2010.pdf.

⁸² <http://www.bis.org/publ/bcbs227.pdf>.

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

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| Issue | Action | Responsible | Date finalised |
|---|--|--|--|
| Capital adequacy requirements for counterparty credit risk | Standardised approach for measuring counterparty credit risk, which replaces two non-internal model methods in the Basel solvency framework. ⁸⁴ | BCBS | Final standard published in March 2014 |
| Capitalisation of trade and default fund exposures to CCPs | Revised policy framework for bank exposures to CCPs, which will replace the interim requirements as of January 2017. ⁸⁵ | BCBS (in consultation with CPSS and IOSCO) | Final standard published in April 2014 |

⁸⁴ <http://www.bis.org/publ/bcbs279.pdf>.

⁸⁵ <http://www.bis.org/publ/bcbs282.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 |
| CPMI | Committee on Payments and Market Infrastructures |
| CPSS | Committee on Payment and Settlement Systems, renamed CPMI as of 1 September 2014 |
| 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 CPMI)
Senior Vice President, Financial Market Infrastructure Function
Financial Institution Supervision Group
Federal Reserve Bank of New York

Patrick Pearson
Head of Financial Markets Infrastructure
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

Ian Christensen
Director, Financial Markets Department
Bank of Canada

China

Li Shujing
Director of Information and Statistics Division
Department of Futures Supervision I
China Securities Regulatory Commission

(Currently vacant)
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

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| Hong Kong | Daryl Ho Head of Financial Stability Surveillance Division Monetary Management Department Hong Kong Monetary Authority |
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| Korea | Ko Sunyoung Deputy Director, Capital Market Division Financial Services Commission |
| Singapore | Ken Nagatsuka Capital Markets Policy Division, Markets Policy & Infrastructure 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 | Richard Spooner Policy Adviser, International Directorate 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 |

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| 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 | (Currently vacant) |
| CPMI | Klaus Löber Head of Secretariat |
| IOSCO | David Wright Secretary General |
| FSB Secretariat | Rupert Thorne Deputy to the Secretary-General |
| | Mark Chambers Member of Secretariat |
| | Uzma Wahhab Member of Secretariat |