

Press release

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FSB reports describe progress in implementing OTC derivatives market reforms, and highlight where further work is needed

The Financial Stability Board (FSB) released two reports today on implementation of the reforms to over-the-counter (OTC) derivatives market agreed by the G20.¹

The [Thematic Peer Review of OTC Derivatives Trade Reporting](#) assesses progress of FSB member jurisdictions in implementing trade reporting requirements. Whilst good progress has been made in implementing these requirements, further work needs to be undertaken to ensure that the data collected by trade repositories can be effectively used by regulators. Key highlights from the report include:

- Comprehensive reporting is in place in the majority of FSB member jurisdictions. Jurisdictions that have not fully implemented reporting requirements should do so promptly.
- There are widespread legal and regulatory barriers to reporting complete transaction information. While in many cases mechanisms exist to overcome these barriers (such as through obtaining counterparty consent), in other cases barriers cannot be addressed in these ways. FSB members have agreed to address remaining legal and regulatory barriers to reporting complete information by June 2018 at the latest. Masking of counterparty-identifying data will be discontinued by end-2018 once such barriers are removed.
- Barriers that impede authorities' access to trade repository data are also widespread. FSB members have therefore agreed that all jurisdictions should have legal frameworks in place to facilitate data access for both domestic and foreign authorities by no later than June 2018.
- There remain a number of challenges in the quality and usability of trade repository data, and several international workstreams are underway that will help address these issues. Several authorities are starting to make good use of trade repository data.

FSB member jurisdictions will be asked to report by June 2016 on their planned actions to address remaining barriers to full reporting.

Ravi Menon, Chairman of the FSB's Standing Committee on Standards Implementation, said: "Trade reporting is a core part of the reform agenda for OTC derivatives markets. We have made good progress in implementing trade reporting requirements. But to fully realise

¹ These reforms are: trade reporting of OTC derivative contracts; central clearing of standardised contracts; exchange or platform trading, where appropriate, of standardised contracts; and higher capital and minimum margin requirements for non-centrally cleared contracts.

the potential of trade reporting to improve market transparency, mitigate systemic risk, and minimise opportunities for market abuse, further efforts are needed by all stakeholders – authorities, trade repositories and market participants – to close the remaining gaps.”

The [OTC Derivatives Market Reforms: Tenth Progress Report on Implementation](#) is designed to give a brief update on key developments in OTC derivatives reforms since the previous report published in July. Main highlights include:

- Nineteen of the 24 FSB jurisdictions have trade reporting requirements in force covering over 90% of transactions in their markets. However, as noted above, there are persisting challenges to the effectiveness of trade reporting, such as authorities’ ability to access, use and aggregate trade repository data, that are being addressed through international workstreams.
- Twelve out of 24 FSB jurisdictions have central clearing frameworks in force that apply to over 90% of transactions in their markets, while in eight jurisdictions platform trading frameworks are in force that apply to over 90% of transactions. It is important that all jurisdictions have frameworks in force for assessing when it is appropriate for transactions to be centrally cleared, or executed on organised trading platforms, where appropriate.
- Most jurisdictions are in the early phases of implementing the BCBS–IOSCO framework for margin requirements for non-centrally cleared derivatives; authorities should continue to push forward with implementation of these requirements to ensure the agreed phase-in period commences smoothly in September 2016.

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

The FSB welcomes feedback from the public on this tenth progress report. Feedback should be submitted by 4 December 2015 by e-mail (fsb@bis.org) or post (Secretariat of the Financial Stability Board, c/o Bank for International Settlements, CH-4002, Basel, Switzerland). Feedback may be posted on the FSB website unless respondents request otherwise.

Notes to editors

The FSB began a regular programme of peer reviews in 2010, consisting of thematic reviews and country reviews. The peer review on the reporting of OTC derivatives transactions to trade repositories is the tenth thematic review conducted by the FSB based on the objectives and guidelines set out in the [Handbook for FSB Peer Reviews](#). The draft report for discussion was prepared by a team chaired by Luiz Pereira da Silva (Central Bank of Brazil). All published [peer review reports](#) are available on the FSB website.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. Through the six regional groups, the FSB conducts outreach with another approximately 65 jurisdictions.

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

For further information on the FSB, visit the FSB website, www.fsb.org.