FSB FINANCIAL STABILITY BOARD

OTC Derivatives Market Reforms

Eleventh Progress Report on Implementation

26 August 2016

Contacting the Financial Stability Board
Sign up for e-mail alerts: www.fsb.org/emailalert
Follow the FSB on Twitter: @FinStbBoard
E-mail the FSB at: fsb@fsb.org

Contents **Page**

1. Introduction and Executive Summary 1

2. Trade Reporting 5

2.1 Overview 5

2.2 Reforms to regulatory frameworks 5

2.3 Coverage of reporting requirements and availability of TRs 6

2.4 Cross-border regulatory arrangements for trade reporting 9

2.5 International workstreams related to trade reporting implementation 9

2.5.1 Work on data harmonisation 10

2.5.2 Legal entity identifier 11

2.5.3 Follow up to legal barriers identified in the FSB's Thematic Peer Review on Trade Reporting 11

2.5.4 Additional international workstreams related to trade reporting 11

3. Central clearing and risk management of non-centrally cleared derivatives 13

3.1 Overview 13

3.2 Reforms to regulatory frameworks 13

3.2.1 Central clearing of standardised transactions 13

3.2.2 Higher capital requirements for non-centrally cleared derivatives 14

3.2.3 Margin requirements for non-centrally cleared derivatives 15

3.2.4 Other risk mitigation measures for NCCDs 17

3.3 Availability of CCPs and related developments 19

3.3.1 Availability of CCPs 19

3.3.2 Estimated scope for central clearing 20

3.3.3 Central clearing determinations 21

3.4 Cross-border regulatory arrangements for central clearing and non-centrally cleared derivatives 22

3.5 Market use of CCPs and other risk-mitigation services 24

3.6 Implementation issues, market developments, and related international workstreams 28

3.6.1 Availability and access to central clearing 28

3.6.2 Expansion of mandatory clearing requirements 30

3.6.3 Joint workplan for CCP international policy work 31

3.6.4 Implementation of margin requirements for non-centrally cleared derivatives 32

3.6.5 Outsourcing and third-party vendors....33
3.6.6 Further interactions of regulatory requirements and central clearing incentives 33
4. Exchange and electronic platform trading and market transparency.....35
4.1 Overview....35
4.2 Reforms to regulatory frameworks....35
4.3 Availability of trading platforms and related developments....36
4.3.1 Availability of trading platforms....36
4.3.2 Trading requirements....37
4.3.3 Market transparency....38
4.3.4 Cross-border regulatory arrangements....38
Appendix A: Estimated size of OTC derivatives markets across FSB member jurisdictions....39
Appendix B: Implementation timetable: reporting of OTC derivatives to trade repositories....40
Appendix C: Implementation timetable: central clearing of standardised transactions....44
Appendix D: Implementation timetable: capital requirements for non-centrally cleared derivatives....48
Appendix E: Implementation timetable: margin requirements for non-centrally cleared derivatives....50
Appendix F: Implementation timetable: execution of standardised transactions on exchanges or electronic platforms, where appropriate....54
Appendix G: Availability of TRs in FSB Member Jurisdictions....58
Appendix H: Availability of CCPs clearing OTC derivatives in FSB member jurisdictions....59
Appendix I: Participant scope of jurisdictions' mandatory central clearing requirements 61
Appendix J: Availability of exchanges and trading platforms for execution of OTC derivatives transactions in FSB member jurisdictions....64
Appendix K: OTC derivatives-related regulatory deference frameworks in FSB member jurisdictions....66
Appendix L: International regulatory workstreams....67
Appendix M: List of abbreviations and acronyms....73
Appendix N: Members of the OTC Derivatives Working Group....74

1. Introduction and Executive Summary

Overall, progress continues to be made across the over-the-counter (OTC) derivatives reform agenda.[1] In terms of fully operationalising regulatory frameworks among the Financial Stability Board (FSB) membership: trade reporting requirements for OTC derivatives and higher capital requirements for non-centrally cleared derivatives (NCCDs) are mostly in force; central clearing frameworks and, to a lesser degree, margining requirements for NCCDs have been, or are being, implemented; while platform trading frameworks are relatively undeveloped in most jurisdictions. Authorities continue to note a range of implementation challenges, though international workstreams that aim to address many of these challenges are underway.

Trade reporting: Trade reporting requirements covering over 90% of OTC derivative transactions were in force as at 30 June 2016 in 19 out of 24 member jurisdictions; by end 2017, 23 jurisdictions expect to have such requirements in force. Work is progressing at international and national levels to overcome key issues in reporting to and accessing data from trade repositories (TRs), including work on data harmonisation and removal of legal barriers to reporting and access to TR-held data. TR availability is widespread.

Central clearing: The majority of FSB jurisdictions (14) have in force frameworks for determining when standardised OTC derivatives should be centrally cleared that cover over 90% of OTC derivative transactions. Central clearing requirements were adopted in several FSB jurisdictions since the 10th progress report[2] (November 2015) and cumulatively will have come into force in 10 jurisdictions by end September 2016, mostly for interest rate derivatives, an asset class for which there is widespread availability of central counterparties (CCPs). Cross-border availability of CCPs has increased, facilitating continued cross-border activity and the expansion of central clearing. Data sources suggest a significant share of new transactions is being centrally cleared, particularly for interest rate and credit derivatives. Authorities are monitoring clearing implementation issues such as the availability of client clearing services, and progress is also continuing on international workstreams related to CCP resilience, recovery and resolution.

Capital and margin requirements for non-centrally cleared derivatives: While higher capital requirements for exposures to NCCDs are largely in force (with 20 jurisdictions having requirements in force that apply to over 90% of OTC derivatives transactions), less progress has been made in the implementation of margin requirements for NCCDs. Current indications are that a substantial number of jurisdictions will not have margin requirements in force in accordance with the internationally agreed implementation schedule for these reforms.

---

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

[2] FSB (2015), *OTC Derivatives Market Reforms: Tenth Progress Report on Implementation*, November; available at: http://www.fsb.org/wp-content/uploads/OTC-Derivatives-10th-Progress-Report.pdf.

Variation and initial margin requirements for NCCDs are due to be in force in only three of 24 member jurisdictions in accordance with the BCBS-IOSCO implementation schedule from September 2016; furthermore, at this time around half of member jurisdictions do not appear on track to have implemented variation margin requirements in accordance with the second and final phase (March 2017). Such jurisdictions should urgently take steps to implement these reforms.

Platform trading: Frameworks for determining mandatory platform trading requirements are in force in 11 jurisdictions. Few other jurisdictions have further implementation steps planned. It is important that all jurisdictions have frameworks in place for regularly assessing when it is appropriate for transactions to be executed on organised trading platforms.

Cross-border issues: Authorities continue to engage bilaterally and in multilateral fora seeking to resolve cross-border issues relevant to the OTC derivatives reform agenda, with some positive developments taking place in recent months in previously identified cross-border issues. For example, the European Commission (EC) and the Commodity Futures Trading Commission (CFTC) have announced a common approach for the regulation of CCPs active both in the EU and US, and legislative steps have been taken in the US to address impediments to authorities' access to data held in US-registered TRs. Further progress on cross-border issues remains important to achieve the intended objectives of the reforms.

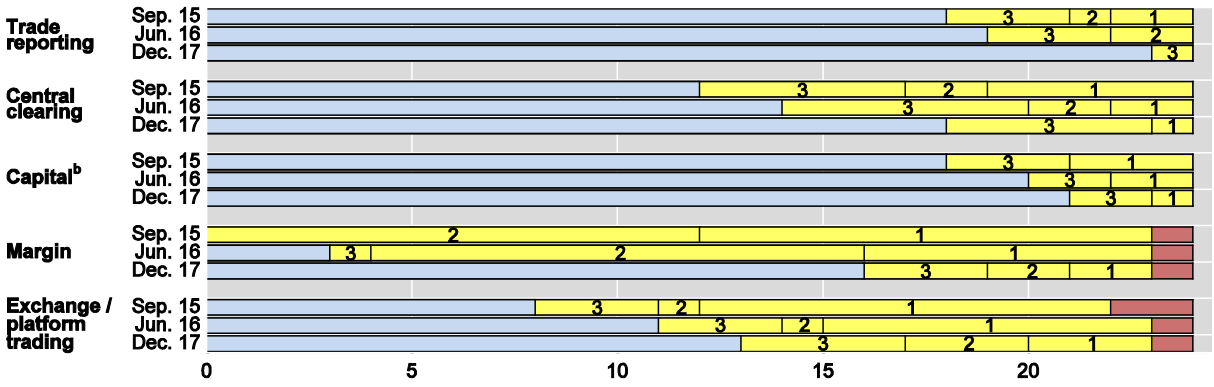
The FSB will continue to monitor and report on OTC derivatives reform implementation progress, including the effects of OTC derivatives reforms over time.

Figure 1 below indicates progress since September 2015 and where further progress is currently anticipated by end-2017. Table A provides an overview of the status of reform implementation in each member jurisdiction as at end-June 2016.

Figure 1

Regulatory Reform Progress[(a)]

Status across all 24 FSB member jurisdictions



(a) Reforms to jurisdictional frameworks; Dec.17 is jurisdictions' anticipated status at that date based on current information.

(b) Adoption of Basel III standards for NCCDs.

For figure legend, see page 4.

Source: FSB member jurisdictions.

Table A

Summary of Jurisdictional Progress of OTC Derivatives Market Reforms

Reforms to jurisdictional frameworks, as at end-June 2016

			Trade Reporting	Central Clearing	Capital	Margin	Platform Trading
Argentina		AR	3	3		1	3
Australia		AU				2+	+
Brazil		BR				1	1
Canada		CA		3		+	2
China		CN			1		3
EU	France	FR				2	
	Germany	DE				2	
	Italy	IT				2	
	The Netherlands	NL				2	
	Spain	ES				2	
	United Kingdom	UK				2	
Hong Kong		HK	3	3+		2+	1
India		IN		3		2+	1
Indonesia		ID		3	1	1	3+
Japan		JP				3+	
Republic of Korea		KR		3	3	1+	
Mexico		MX		+	+	1	+
Russia		RU		2		2	1+
Saudi Arabia		SA		1		1	1
Singapore		SG				2	1
South Africa		ZA	2	2		2	1
Switzerland		CH	3+	+		+(a)	+
Turkey		TR	2+	1	+	1	1
United States[3]		US			3	+	
TOTALS							
			--	--	--	1	1
1			--	2	2	7	9
2			2	2	--	12	1
3			3	6	2	1	2
			19	14	20	3	11

\+ indicates positive change in reported implementation status from end-September 2015

(a) On 6 July 2016, the Swiss Financial Market Supervisory Authority published additional guidance including on margin requirements for NCCDs, which extended certain phase-in periods relevant to margin requirements in line with forthcoming deadlines in the EU.

For table legend, see page 4.

Source: FSB member jurisdictions.

[3] Information regarding the US in the colour-coded tables in this report (including appendices) reflects the overall progress of US regulatory reforms undertaken by multiple regulatory authorities. Note that the CFTC has rules in force with respect to trade reporting, central clearing and platform trading; the estimate of over 90% regulatory coverage is based on the completion of rules by the CFTC, which regulates over 90% of the notional volumes transacted in the US swaps market.

Legend

	No existing authority to implement reform and no steps taken to adopt such authority.
1	*All reform areas:* **Legislative framework** or **other authority** is **in force**[4] or has been published for consultation or proposed.
2	*Trade reporting:* Legislative framework or other authority is in force and, with respect to at least some transactions, **standards/requirements** have been **published for public consultation** or proposal. *Central clearing and platform trading:* Legislative framework or other authority to implement reform is in force and, with respect to at least some transactions, **standards/criteria for determining** when transactions should be centrally cleared/platform traded have been **published for public consultation or proposal**. *Capital and margins for NCCDs:* Legislative framework or other authority is in force and, with respect to at least some transactions, **standards/requirements** have been **published for public consultation or proposal**.
3	*Trade reporting:* Legislative framework or other authority is in force and, with respect to at least some transactions, public **standards/requirements have been adopted**. *Central clearing and platform trading:* Legislative framework or other authority is in force and, with respect to at least some transactions, public **standards/criteria for determining** when products should be centrally cleared/platform traded **have been adopted**. *Capital and margins for NCCDs:* Legislative framework or other authority is in force and, with respect to at least some transactions, public **standards/requirements have been adopted**.
	Trade reporting: Legislative framework or other authority is in force and, with respect **to over 90% of transactions, standards/requirements are in force**. *Central clearing and platform trading:* Legislative framework or other authority is in force and, with respect **to over 90% of transactions**, **standards/criteria for determining** when products should be centrally cleared/platform traded **are in force**. An appropriate authority regularly assesses transactions against these criteria. *Capital for NCCDs:* Legislative framework or other authority is in force and, with respect **to over 90% of transactions**, **standards/requirements** are **in force**. *Margins for NCCDs:* Legislative framework or other authority is in force and, with respect **to over 90% of the transactions** covered consistent with the respective BCBS–IOSCO Working Group on Margin Requirements (WGMR) phase in periods, **standards/requirements are in force**.

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

2. Trade Reporting

2.1 Overview

The implementation of trade reporting requirements for OTC derivatives is well advanced across FSB member jurisdictions. In most jurisdictions, reporting requirements in force are estimated to cover over 90% of new OTC derivatives transactions.[5] Coverage is most comprehensive for interest rate derivatives, in part reflecting the relative size of interest rate derivatives markets and the widespread availability across jurisdictions of TRs in that asset class. While implementation has progressed, challenges to the effectiveness of trade reporting have been identified, including data quality issues and the impact of various legal barriers to reporting and to authorities' access to data. A number of international workstreams are underway that aim, in large part, to address these issues.

2.2 Reforms to regulatory frameworks

Since September 2015 there have only been a small number of additional regulatory steps taken by jurisdictions. This reflects the fact that most FSB member jurisdictions have already largely introduced regulatory reforms to require trade reporting of OTC derivatives. As at end-June 2016, all but five FSB member jurisdictions had trade reporting requirements in force covering over 90% of OTC derivatives transactions in their jurisdictions.[6]

Implementation steps are being taken by the five remaining jurisdictions. In Argentina, the development of reporting infrastructure and associated reporting requirements is proceeding, but specific reporting requirements are not currently in force for OTC derivatives. In Hong Kong, reporting requirements are in force for certain FX and interest rate OTC derivative transactions; rules on reporting requirements with respect to the next phase of reporting (effectively covering all five asset classes) have been enacted and will have effect when reporting commences in mid-2017. In South Africa, consultation has been undertaken to introduce reporting requirements across all asset classes – requirements are expected to be adopted by end-2016 and in force by mid-2017. In Switzerland, trade reporting requirements are part of the comprehensive regulatory framework on OTC derivatives that has been in force since January 2016 and such requirements will phase-in once the first TR is licensed or recognised, accordingly, by the competent Swiss authority. In Turkey, various phases of consultation have been undertaken since September 2015; rules are expected to be in force in 2017.

In the US, in December 2015 an amendment was made to the Dodd-Frank Act that removed the requirement that regulators seeking access to data held in a US-registered swap data repository (SDR) must first provide an indemnification to the SDR and to the registering US authority; this requirement had been noted by several authorities as a barrier to regulators' access to such data.[7] In the EU, the technical standards on trade reporting are in the process of

---

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

[6] All of these five jurisdictions had a legislative framework or other authority for trade reporting in force as at end-June 2016.

[7] This requirement had applied both to foreign regulators and to domestic US authorities that were not the registering authority for the SDR.

being amended with a view to streamlining the reporting process and improving the quality of data.

Table B and Appendix B provide additional detail on progress in implementing trade reporting frameworks that jurisdictions have made and anticipate making through to end-2017.

Table B

Status of trade reporting regulatory implementation

		Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR		3	3	3	3	3	3	3	3
AU									
BR									
CA									
CN									
EU	FR								
	DE								
	IT								
	NL								
	ES								
	UK								
HK		3	3	3	3	3	3	3	
IN									
ID									
JP									
KR									
MX									
RU		3							
SA									
SG									
ZA		2	2	2	2	2	3		
CH		1	1	3	3	3	3		
TR		1	1	2	2	3	3		
US									

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

2.3 Coverage of reporting requirements and availability of TRs

Reflecting the progress in implementing reforms to regulatory frameworks, a substantial share of new OTC derivatives transactions is estimated to be covered by reporting requirements in many jurisdictions (Table C).[8] In general, in those jurisdictions where reporting requirements are in force and TRs are available in a given asset class, requirements are estimated to cover 80–100% of new transactions in that asset class. Taking the FSB membership as a whole, coverage is most comprehensive for interest rate derivatives, where (as at March 2016) all but four jurisdictions had requirements in force estimated to cover 80–100% of transactions. The estimated coverage of FX derivatives reporting requirements is similarly comprehensive to that

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

of interest rates derivatives in terms of jurisdictions and share of transactions. The coverage of reporting requirements in commodity, credit and equity derivatives is less widespread across jurisdictions. In addition, for several jurisdictions with reporting requirements in force for commodity derivatives, it has not been possible to estimate coverage, typically because of data aggregation and/or data access challenges.

Table C

Estimated regulatory coverage of reporting requirements

Percent of all new transactions that are required to be reported, as at March 2016

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

Estimates based on each jurisdiction's assessment of the regulatory coverage of its reporting requirements, using information available as at March 2016. Includes reporting to TRs and TR-like entities.

not applicable/no OTC derivatives transactions in this asset class.

no reporting requirements in force for OTC derivatives transactions in this asset class.

reporting requirements are in force but data not able to be provided (for instance, due to data quality, access and/or aggregation challenges).

(a) In Hong Kong, reporting requirement is in force for certain interest rate swaps and non-deliverable forwards (NDFs) only, under phase 1 reporting. The estimate for FX derivatives covers only NDFs. The next phase of reporting will commence in July 2017, covering the remaining FX derivatives.

(b) In Indonesia, all OTC (as well as exchange-traded) commodity derivatives are required to be reported to an exchange and registered with a clearing house.

(c) US data is not available to assess the CFTC's and SEC's respective market share in the OTC derivatives equity market. Accordingly, the US categorisation for the equity asset class reflects only CFTC data.

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

As at end-June 2016, TRs or TR-like entities[9] are authorised and operating, for at least some asset classes, in all but three FSB member jurisdictions.[10] A total of 20 TRs are currently authorised and operating in FSB member jurisdictions. In addition, in five FSB member jurisdictions, government authorities or other TR-like entities are currently collecting OTC derivatives transaction reports to fulfil TR reporting requirements (see Table Q in Appendix G for a detailed listing of TRs and TR-like entities operating in FSB member jurisdictions). In most cases, each TR and TR-like entity has been authorised for use only within the jurisdiction it is located. Only in the cases of Australia and Canada is a non-domestically located TR available for use pursuant to domestic reporting requirements; see Section 2.4 below for further discussion of cross-border regulatory developments regarding trade reporting.

Table D

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

TRs and TR-like entities authorised as at end-June 2016

	Commodity	Credit	Equity	FX	Interest Rate
AR	5	3	3	3	1
AU[(a)]	2	2	2	2	2
BR	2	2	2	2	2
CA	3	3	2	3	2
CN	1		1	1	1
EU	6	6	6	6	6
HK	1	1	1	1	1
IN		1		1	1
ID				1	1
JP		1	1	1	1
KR	2	2	2	2	1 2
MX	1		1	1	1
RU	2	2	2	2	2
SA				1	1
SG	1	1	1	1	1
ZA					
CH					
TR					
US	4	4	3	4	3

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

X indicates the number of TR-like entities able to collect transaction reports in given asset class that are authorised or pending authorisation (or have a temporary exemption from authorisation requirements) and operating in given jurisdiction.

(a) For Australia, figures exclude TRs that have been 'prescribed' as available for use by foreign entities for the purposes of meeting Australian reporting requirements.

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

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

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

The availability of TRs across jurisdictions and asset classes largely mirrors the reporting requirements (Table D). TR availability is most widespread for FX and interest rate derivative transactions, with several jurisdictions having multiple TRs available in each of these asset classes. Seven jurisdictions have one or more TRs authorised to operate in each asset class.

2.4 Cross-border regulatory arrangements for trade reporting

Since September 2015 there have been some changes to legislative regimes affecting cross-border regulatory arrangements for trade reporting. The Swiss regulatory regime for OTC derivatives now provides Swiss authorities with the capacity to defer[11] to foreign regulatory regimes where appropriate. In some other cases jurisdictions have regulatory changes underway to their domestic regimes which, once in force, will provide some capacity to defer to other jurisdictions. See Table T in Appendix K for further details.

There have been no changes in specific deference decisions regarding trade reporting requirements among FSB member jurisdictions (Table E) since September 2015.

Table E

Trade reporting-related deference decisions

FSB member jurisdictions, as at end-June 2016

Jurisdiction making deference decision	Regulatory requirement category	Jurisdiction receiving deference
Australia	Transaction reporting requirements	Canada, EU, Hong Kong, Japan, Singapore, US
	Regulatory regime for TRs	EU, Hong Kong, Japan, Singapore, US
Canada	Transaction reporting requirements	EU, US

Specific requirements and effect of deference under each broad category vary across jurisdictions.

Source: FSB member jurisdictions.

2.5 International workstreams related to trade reporting implementation

Implementation issues affecting the effectiveness of trade reporting requirements have been discussed in previous reports, including the challenges experienced by authorities, TRs and market participants. These include difficulties with TR data quality,[12] challenges in aggregating data across TRs, and legal barriers to reporting complete data to TRs and to authorities' access

[11] The FSB published a report in September 2014 that reviewed FSB member jurisdictions' frameworks for deferring to other jurisdictions' OTC derivatives regulatory regimes. That report found that, 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. Consistent with that report, throughout this progress report the terms 'defer' and 'deference' are used as general terms rather than referring to any particular approach or application. For more information, see 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.fsb.org/wp-content/uploads/r_140918.pdf. For a more general discussion of approaches to cross-border regulation, see IOSCO (2015), *IOSCO Task Force on Cross-Border Regulation – Final report*, September; available at http://www.iosco.org/library/pubdocs/pdf/IOSCOPD507.pdf.

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

to TR-held data. A number of international workstreams, and follow-up work to earlier workstreams, are underway that aim to address these issues.

2.5.1 Work on data harmonisation

In November 2014, as a follow-up to the report of the FSB Aggregation Feasibility Study Group[13] on the legal and technical barriers to data aggregation and allied topics, the Committee on Payments and Market Infrastructures (CPMI) and IOSCO established a joint working group for the harmonisation of key OTC derivatives data elements that are reported to TRs and are important for the aggregation of data by authorities, including a Unique Transaction Identifier (UTI) and a Unique Product Identifier (UPI). The mandate of this 'harmonisation group' is to develop guidance regarding the definition, format, and usage of these key OTC derivatives data elements. In August 2015 a consultative report on harmonisation of the UTI was published,[14] followed by the publication in September 2015 of a consultative report on harmonisation of a first batch of data elements other than UTI and UPI,[15] and publication in December 2015 of a consultative report on harmonisation of the UPI.[16] A second consultative report on harmonisation of the UPI[17] was published on 18 August 2016, and further consultative reports on a second and third batch of data elements other than UTI and UPI, will be published in the future. CPMI–IOSCO plans to issue final guidance on UTI and UPI by end-2016, and final guidance on other data elements by end-2017.

With the CPMI–IOSCO harmonisation group advancing in its work, in early 2016 the FSB established a working group to take forward the development of governance arrangements for the UTI and UPI. The primary objective of this group is to propose to the FSB Plenary recommendations for governance arrangements for each identifier. As part of developing its recommendations, the governance working group will consult publicly on governance considerations for these identifiers and work closely with the CPMI–IOSCO harmonisation group. The timing of such consultation, as well as the timing of recommendations by the governance working group to the FSB Plenary, is related to the finalisation of the CPMI and IOSCO technical guidance for the UTI and UPI.[18]

---

[13] FSB (2014), *Feasibility study on approaches to aggregate OTC derivatives data*, September; available at: http://www.financialstabilityboard.org/wp-content/uploads/r_140919.pdf. The background to the feasibility study report is set out in its Executive Summary as follows: "Aggregation of the data being reported across these TRs is necessary to ensure that authorities are able to obtain a comprehensive global view of the OTC derivatives market and activity. The FSB therefore requested a study of the feasibility of various options for a mechanism to produce and share global aggregated data. The feasibility study should take into account legal and technical issues and the aggregated TR data that authorities need to fulfil their mandates. This study responds to that request." (p. 1)

[14] CPMI–IOSCO (2015), *Harmonisation of the Unique Transaction Identifier – Consultative report*, August; available at: http://www.bis.org/cpmi/publ/d131.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD500.pdf.

[15] CPMI–IOSCO (2015), Harmonisation of key OTC derivatives data elements (other than UTI and UPI) – first batch – Consultative report, September; available at: http://www.bis.org/cpmi/publ/d132.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD503.pdf.

[16] CPMI–IOSCO (2015), *Harmonisation of the Unique Product Identifier – Consultative report*, December; available at: http://www.bis.org/cpmi/publ/d141.pdf and https://www.iosco.org/library/pubdocs/pdf/IOSCOPD519.pdf.

[17] CPMI-IOSCO (2016) *Second consultative report – Harmonisation of the Unique Product Identifier*, August; available at http://www.bis.org/cpmi/publ/d151.htm and http://www.iosco.org/news/pdf/IOSCONEWS437.pdf.

[18] Governance arrangements for data elements other than UTI and UPI will be considered by CPMI and IOSCO.

2.5.2 Legal entity identifier

The legal entity identifier (LEI) was put in place following FSB recommendations, and is now embedded in a large number of jurisdictions' trade reporting regimes.[19] Beginning in 2017, the Global LEI System[20] will collect and publish information on the direct and ultimate parents of entities. Some authorities have observed that a number of market participants have either not obtained an LEI or not renewed their LEI registration. Authorities continue to monitor progress in the uptake and renewal of LEIs and will consider taking action as needed. Participants in the Global LEI System are also working on facilitating renewals, monitoring lapsed LEIs and better distinguishing entities that have ceased to operate.

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

In November 2015 the FSB published the report of a thematic peer review of FSB member jurisdictions' implementation of OTC derivatives trade reporting.[21] This report highlighted, among other things, the significant challenges to effective trade reporting resulting from legal barriers to reporting complete information to TRs and legal barriers to authorities' access to TR-held data. The report made several recommendations to jurisdictions in order to address these legal barriers. While it was recognised that in some cases legislative changes would be needed, which could have a long lead-time to implement, the FSB stated that jurisdictions should report by June 2016 the actions that they planned to take to address these legal barriers.

The FSB published each jurisdiction's report, along with a summary of these reports, on 26 August 2016.[22]

2.5.4 Additional international workstreams related to trade reporting

The OTC Derivatives Regulators' Forum's (ODRF)[23] technical working group further complements the above workstreams by focusing on data quality and data usage. The technical working group provides a forum for regulators to discuss their use of data, share experiences and support further standardisation of data fields. The technical working group has been meeting regularly and reported its progress at the ODRF's annual meeting in September 2015. Further meetings of the technical working group and the ODRF plenary are due to take place in September 2016.

CPMI and IOSCO have an ongoing programme to monitor implementation of the *Principles for Financial Market Infrastructures* (PFMI), in relation to TRs and CCPs, as well as other

---

19 FSB (2012), *A Global Legal Entity Identifier for Financial Markets*, June; available at: http://www.fsb.org/2012/06/fsb-report-global-legal-entity-identifier-for-financial-markets/.

20 The Global LEI System is composed of the Regulatory Oversight Committee (ROC) together with an operational component, consisting of the LEI Foundation (or equivalent legal form) operating the Central Operating Unit, and the federated Local Operating Units providing registration and other services. The mission of the ROC is to uphold the governance principles of and to oversee the Global LEI System.

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

22 FSB (2016), *Report on FSB Members' Plans to Address Legal Barriers to Reporting and Accessing OTC Derivatives Transaction Data,* August; available, with accompanying documents, at www.fsb.org/2016/08/report-on-fsb-members-plans-to-address-legal-barriers-to-reporting-and-accessing-otc-derivatives-transaction-data/.

23 For more information on the ODRF, see: http://www.otcdrf.org/.

types of financial market infrastructure.[24] This includes a series of 'Level 2' peer reviews to assess whether the content of the legal and regulatory framework (including any relevant policy statements or other forms of implementation) in individual jurisdictions is consistent with the PFMI; in December 2015 a review of Australia (for all types of financial market infrastructures, including TRs) was published;[25] reviews for the EU,[26] Japan[27] and the US[28] (for TRs and CCPs) had already been published in February 2015.

The PFMI also contain a set of Responsibilities addressed to relevant authorities which cover, among other things, authorities' approaches to cross-border coordination. In November 2014 CPMI–IOSCO commenced an assessment of how authorities are applying these Responsibilities to all types of financial market infrastructure, including TRs; a report on the findings of this review of authorities' application of the Responsibilities was published in November 2015.[29] Overall, the assessment revealed that a majority of the jurisdictions had achieved a high level of observance of the Responsibilities, though jurisdictions most frequently fell short of a 'fully observed' rating in the case of TRs. Five of the participating jurisdictions had TR regimes that were still in development during the review period of the assessments. In addition, the assessment found that several other jurisdictions, to varying degrees, lacked criteria and/or policies consistent with the PFMI to support their regulation, supervision and oversight of TRs. With respect to specific Responsibilities, considerable variability was observed in implementation measures for Responsibility E (Cooperation with other authorities). This was due partly to the fact that many cooperative arrangements are new, but may in some cases also reflect different interpretations among authorities of the expectations in this area. CPMI and IOSCO will review the Responsibilities in light of the findings of this assessment and consider the need for additional guidance.

---

[24] CPMI–IOSCO (2012), *Principles for Financial Market Infrastructures*, April; available at: http://www.bis.org/cpmi/publ/d101a.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377-PFMI.pdf.

[25] CPMI-IOSCO (2015), *Implementation monitoring of PFMI: Level 2 assessment report for Australia*, December; available at: http://www.bis.org/cpmi/publ/d140.htm and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD518.pdf.

[26] CPMI–IOSCO (2015), Implementation monitoring of PFMIs: Level 2 assessment report for central counterparties and trade repositories – European Union, February; available at: http://www.bis.org/cpmi/publ/d128.pdf and https://www.iosco.org/library/pubdocs/pdf/IOSCOPD478.pdf.

[27] CPMI–IOSCO (2015), *Implementation monitoring of PFMIs: Level 2 assessment report for central counterparties and trade repositories – Japan*, February; available at: http://www.bis.org/cpmi/publ/d127.pdf and https://www.iosco.org/library/pubdocs/pdf/IOSCOPD476.pdf.

[28] CPMI–IOSCO (2015), *Implementation monitoring of PFMIs: Level 2 assessment report for central counterparties and trade repositories – United States*, February; available at: http://www.bis.org/cpmi/publ/d126.pdf and https://www.iosco.org/library/pubdocs/pdf/IOSCOPD477.pdf.

[29] CPMI-IOSCO (2015), *Implementation monitoring of PFMI: Assessment and review of application of Responsibilities for authorities*, November; available at: http://www.bis.org/cpmi/publ/d139.htm and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD514.pdf.

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

3.1 Overview

Jurisdictions continue to make progress in implementing changes to regulatory frameworks to promote central clearing of standardised transactions, and to improve the risk management of NCCDs. In 14 jurisdictions, a legislative framework or other authority is, and with respect to over 90% of OTC derivatives transactions, standards/criteria for determining when products should be centrally cleared are, in force. The availability and use of CCPs continues to expand, with several jurisdictions recently taking steps to further support the cross-border availability of CCPs, and several jurisdictions currently having specific mandatory requirements in force for central clearing of certain OTC derivatives transactions.

In relation to NCCDs, higher capital requirements for such transactions are in force in 20 of the 24 FSB member jurisdictions.

Current indications are that a substantial number of jurisdictions will not have margin requirements in force in accordance with the internationally agreed implementation schedule for these reforms. Variation and initial margin requirements for NCCDs are scheduled to be in force in three of 24 FSB member jurisdictions in accordance with the first phase of the BCBS-IOSCO implementation schedule (September 2016). Furthermore, at this time around half of member jurisdictions do not appear on track to implement variation margin requirements in accordance with the second and final phase (March 2017). These delays raise concerns *inter alia* with regard to incentives to centrally clear OTC derivatives and with regard to regulatory arbitrage. Jurisdictions that are not on track to implement the margin requirements in accordance with the BCBS-IOSCO phase-in schedule should urgently take steps to meet the internationally agreed schedule.

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

3.2 Reforms to regulatory frameworks

3.2.1 Central clearing of standardised transactions

As at end-June 2016, 14 FSB member jurisdictions have in force both a legislative framework or other authority, and, for over 90% of the OTC derivatives transactions in their jurisdiction, standards or criteria for making specific central clearing determinations (Table F). Since September 2015, Mexico and Switzerland joined this group of jurisdictions. In the case of Mexico, rules for derivatives transactions came into force in April 2016 under which banks and brokerage firms are subject to certain clearing requirements (discussed further in Section 3.3.3 below). In Switzerland, legislation came into force at the start of 2016 that incorporates underlying standards/criteria for making clearing determinations. Hong Kong finalised the adoption of the criteria and process for making mandatory clearing determinations, and mandatory clearing obligations on certain interest rate swaps will come into force in September 2016. Korea currently expects to have a framework in force covering over 90% of transactions by end- 2016; currently requirements are in force in relation to interest rate derivatives. In Q1 2016, Canadian market regulators republished for comment a proposed regulatory instrument

to implement mandatory clearing requirements, which are expected to come into force in Q1 2017. In South Africa, draft regulations regarding its central clearing framework were published in July 2016. Over the course of 2017, Russia, South Africa and Turkey expect to take further steps to consult on and/or adopt requirements. India and Indonesia have adopted central clearing requirements that apply to at least some classes of derivatives. Saudi Arabia notes that it currently does not propose to take further action regarding its central clearing regime, given the very small size of its local market.

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

Table F

Status of central clearing regulatory implementation

		Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR		3	3	3	3	3	3	3	3
AU									
BR									
CA		3	3	3	3	3	3		
CN									
EU	FR								
	DE								
	IT								
	NL								
	ES								
	UK								
HK		2	2	3	3				
IN		3	3	3	3	3	3	3	3
ID		3	3	3	3	3	3	3	3
JP									
KR		3	3	3	3	3			
MX		1	1	1					
RU		2	2	2	2	2	2	3	3
SA		1	1	1	1	1	1	1	1
SG									
ZA		1	1	1	2	2	2	3	
CH		1	1						
TR		1	1	1	1	1	1	2	3
US									

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

3.2.2 Higher capital requirements for non-centrally cleared derivatives

Most FSB member jurisdictions have made changes to their prudential frameworks to require higher capital requirements for NCCDs (Table G); 20 jurisdictions currently have in force higher capital requirements that apply to over 90% of OTC derivatives transactions. Since September 2015, Mexico and Turkey have completed their implementation of these requirements. In Mexico, a revised capital framework for brokerage firms came into force at the start of 2016 under which centrally cleared derivatives are subject to lower capital requirements than non-centrally cleared transactions. In Turkey, regulation came into force at

end-March 2016 under which banks can apply a lower capital requirement for exposures to qualified CCPs. Indonesia expects to have completed its implementation of capital requirements in H1 2017; in Korea and the US, rules are in effect for prudentially regulated banks, with requirements for other entities not adopted.

Appendix D provides additional detail regarding planned next steps in the implementation of this reform area.

Table G

Status of regulatory implementation of higher capital requirements for non-centrally cleared derivatives

		Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR									
AU									
BR									
CA									
CN		1	1	1	1	1	1	1	1
EU	FR								
	DE								
	IT								
	NL								
	ES								
	UK								
HK									
IN									
ID		1	1	1	1	1	1		
JP									
KR		3	3	3	3	3	3	3	3
MX		3							
RU									
SA									
SG									
ZA									
CH									
TR		1							
US		3	3	3	3	3	3	3	3

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

3.2.3 Margin requirements for non-centrally cleared derivatives

BCBS–IOSCO phase-in schedule

The BCBS–IOSCO standards for margin requirements for NCCDs set out phase-in schedules for variation and initial margin requirements that begin on 1 September 2016.[30]

With respect to **variation margin**, starting on 1 September 2016, in accordance with the BCBS-IOSCO standards, all financial firms and systemically important non-financial entities (as

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

defined therein) (covered entities) with aggregate month-end average notional outstanding NCCD positions exceeding €3 trillion for March, April and May 2016, will be required to exchange variation margin on new NCCDs when transacting with another covered entity, provided it also meets that condition. Starting on 1 March 2017, all covered entities will be required to exchange variation margin on new NCCDs, regardless of their aggregate month-end average outstanding NCCD positions.[31]

With respect to **initial margin**, in accordance with the BCBS-IOSCO standards, covered entities with aggregate month-end average notional outstanding NCCDs positions exceeding €3 trillion for March, April and May 2016 are due to start exchanging initial margin beginning 1 September 2016 on new NCCDs with another covered entity. On 1 September of each subsequent year, the aggregate month-end average outstanding NCCD positions condition decreases, with the permanent aggregate month-end average NCCD positions condition of €8 billion applicable for the phase-in date of 1 September 2020.[32]

Jurisdiction timelines

As stated above, current indications are that a substantial number of jurisdictions will not have margin requirements in force in accordance with the internationally agreed implementation schedule for these reforms.

Between September 2015 and end-June 2016, seven FSB member jurisdictions took further steps to implement margin requirements for NCCDs, leading to a change in their implementation status (Table H). In Canada (prudential regulator), Switzerland and the US (CFTC and prudential regulators), requirements consistent with the BCBS-IOSCO phase-in schedule were in force as at end-June 2016. However, by September 2016, requirements consistent with the BCBS-IOSCO phase-in schedule are due to be in force in only three jurisdictions (Canada, Japan, and US), with several jurisdictions (Australia, EU, Hong Kong, Singapore and Switzerland[33]) having announced delays in implementation, citing a range of factors.

Furthermore, while variation margin requirements are scheduled to apply to *all* covered entities by 1 March 2017, present indications are that 10 jurisdictions do not expect to have such requirements in force in H1 2017, and eight jurisdictions do not expect to have variation such requirements in force in H2 2017. As discussed in Section 3.6.4 below, such differences in the coverage of regulatory requirements could prove challenging for market participants, particularly where firms or transactions are subject to multiple jurisdictions' regulatory requirements. Jurisdictions that are not on track to implement the BCBS and IOSCO margin requirements in accordance with the phase-in schedule should urgently take steps to meet the internationally agreed schedule.

As implementation of margin requirements has proceeded, a range of other implementation issues have been identified, discussed in Section 3.6.4.

Appendix E provides additional detail regarding jurisdictions' plans for further implementation of margin requirements.

---

[31] If it is useful for, say simplifying a bank's payments processing operations, the standards allow for a minimum transfer amount of €500,000 for payments to be incorporated.

[32] As with variation margin, a minimum transfer amount of €500,000 can be incorporated.

[33] See note (a) in Table A on page 3.

Table H

Status of regulatory implementation of margin requirements for NCCDs

		Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR		1	1	1	1	1	1	1	3
AU		1	1	1	2	3	3		
BR		1	1	1	1	1	2	3	
CA		2	3						
CN									
EU	FR	2	2	2	2	2	3		
	DE	2	2	2	2	2	3		
	IT	2	2	2	2	2	3		
	NL	2	2	2	2	2	3		
	ES	2	2	2	2	2	3		
	UK	2	2	2	2	2	3		
HK		1	2	2	2	2	3		
IN		1	1	1	2	3	3	3	
ID		1	1	1	1	1	1	1	1
JP		2	2	3	3				
KR		1[(a)]	1	1	1	1	2	2	2
MX		1	1	1	1	1	2	3	3
RU		2	2	2	2	2	2	3	3
SA		1	1	1	1	1	1	1	1
SG		2	2	2	2	2	3		
ZA		2	2	2	2	2	2		
CH		1	1			3[(b)]	3		
TR		1	1	1	1	1	1	2	2
US		2	3	3					

(a) In the 10th implementation progress report Korea was reported as "Red" as for all applicable periods to H2 2016. It has now been determined on the basis of further information provided that the correct grade should have been "Yellow 1".

(b) See note (a) in Table A on page 3.

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

3.2.4 Other risk mitigation measures for NCCDs

Along with capital and margin requirements, a number of jurisdictions have also taken steps to promote more widespread use of other risk mitigation measures for NCCDs. It is expected that even after all reform areas are implemented, some portion of the OTC derivatives markets will remain non-centrally cleared.[34] To facilitate effective risk management of NCCDs, IOSCO made several recommendations in its report *Risk Mitigation Standards for Non-centrally Cleared OTC Derivatives*, which was prepared in consultation with BCBS and CPMI, and finalised in January 2015.[35] These included standards in the following areas, which are discussed in more detail in the IOSCO report: trading relationship documentation; trade confirmation; valuation processes; portfolio reconciliation; portfolio compression; and dispute resolution.

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

[35] See IOSCO (2015), *Risk Mitigation Standards for Non-centrally Cleared OTC Derivatives*, January; available at: https://www.iosco.org/library/pubdocs/pdf/IOSCOPD469.pdf.

Several authorities have introduced, or have proposed to introduce, OTC derivatives risk mitigation measures as part of regulatory steps being taken to implement margin requirements for NCCDs. Some other authorities had introduced such risk mitigation requirements prior to, but consistent with, the IOSCO recommendations being finalised. In some other cases, authorities do not currently have plans to introduce OTC derivatives-specific measures, noting that these instruments are not in widespread use in their jurisdiction; however, these authorities have indicated that general risk management and market conduct requirements are in force. Table I gives an overview of risk mitigation measures in force in FSB member jurisdictions.

Table I

Risk mitigation measures for NCCDs

AR		High level credit and market risk management requirements. All markets required to have permanent arbitration arrangements in place, and compliance with Corporate Governance Code.
AU		The Australian Prudential Regulation Authority (APRA) proposes to implement the full suite of IOSCO standards for prudentially supervised firms, alongside the introduction of margin requirements.
BR		Mandatory trade confirmation processes; mandatory credit risk management by supervised firms.
CA		Office of the Superintendent of Financial Institutions (OSFI) has set out risk management expectations, which include measures consistent with IOSCO standards. Provincial securities market regulators are considering developing rules for risk mitigation measures.
CN		Trade confirmation, portfolio compression
EU	FR	All NCCDs contracts subject to risk management requirements including: timely confirmation, portfolio reconciliation, portfolio compression, dispute resolution; and daily valuation requirements (above a certain portfolio size threshold).
	DE	
	IT	
	NL	
	ES	
	UK	
HK		Prior to IOSCO standards for risk mitigation measures for NCCDs being finalised, some risk mitigation measures were already incorporated into HKMA's prudential regime for banks, and HK SFC-regulated entities were required to meet certain business conduct and internal control requirements, such as reconciliation and valuation. HKMA consulted in December 2015 on proposed new supervisory guidelines for banks that included IOSCO measures. Similar requirements are anticipated to be applied to other market participants, subject to a forthcoming HK SFC consultation.
IN		Portfolio compression permitted for IRS and forex forward transactions.
ID		Requirements on banks regarding mark-to-market valuations and risk management measures.
JP		Some requirements (such as dispute resolution and valuation) included in margin requirements.
KR		Guidelines in place, which includes trade confirmation, portfolio reconciliation, valuation, business conduct.
MX		Risk mitigation requirements in effect since April 2016, covering measures such as portfolio reconciliation, portfolio compression and dispute resolution.
RU		No information provided.
SA		No information provided.
SG		MAS intends to introduce risk management requirements, guided by IOSCO standards.
ZA		Regulatory requirements being introduced that will set out measures regarding trade confirmation, portfolio reconciliation, business conduct standards, valuations and dispute resolution. Dealers will be required to consider portfolio compression at least twice-yearly.
CH		The newly introduced Swiss framework on OTC derivatives provides for risk management requirements consistent with the suite of IOSCO standards.
TR		No information provided.
US		CFTC: requirements in force regarding trade confirmation timelines, portfolio reconciliation, portfolio compression, valuation arrangements and dispute resolution, and general business conduct requirements. SEC: rules have been adopted in relation to business conduct and for trade acknowledgement and verification. Prudential regulators: various risk management processes, controls and monitoring requirements set out in prudential standards

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

3.3 Availability of CCPs and related developments

3.3.1 Availability of CCPs

As at end-June 2016, 19 jurisdictions have at least one CCP that was authorised to clear at least some OTC interest rate derivatives; overall availability of CCPs for other asset classes was more limited (Table J). Table R in Appendix H gives a detailed listing of CCPs currently authorised and operating in FSB member jurisdictions. In Brazil, the EU, Russia and the US, there were CCPs currently available for at least some sub-products in every OTC derivatives class. In contrast, in Argentina, Indonesia, Saudi Arabia, South Africa and Turkey, there were no CCPs authorised to clear any OTC derivatives products.

Table J

Availability of OTC derivatives CCPs in FSB member jurisdictions

CCPs authorised as at end-June 2016

	Commodity	Credit	Equity	FX	Interest Rate
AR					
AU			1		3
BR	1	1	1	1	1
CA	4	2	2	1	4
CN	1			1	1
EU	10	6	7	6	16
HK				1	1
IN				1	1
ID					
JP		1			3
KR					1
MX					2
RU	1	1	1	1	1
SA					
SG	3	1		2	3
ZA					
CH	1		1	1	2
TR					
US	5	4	2	2	10

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 given jurisdiction.

For jurisdiction codes see Table A on page 3.

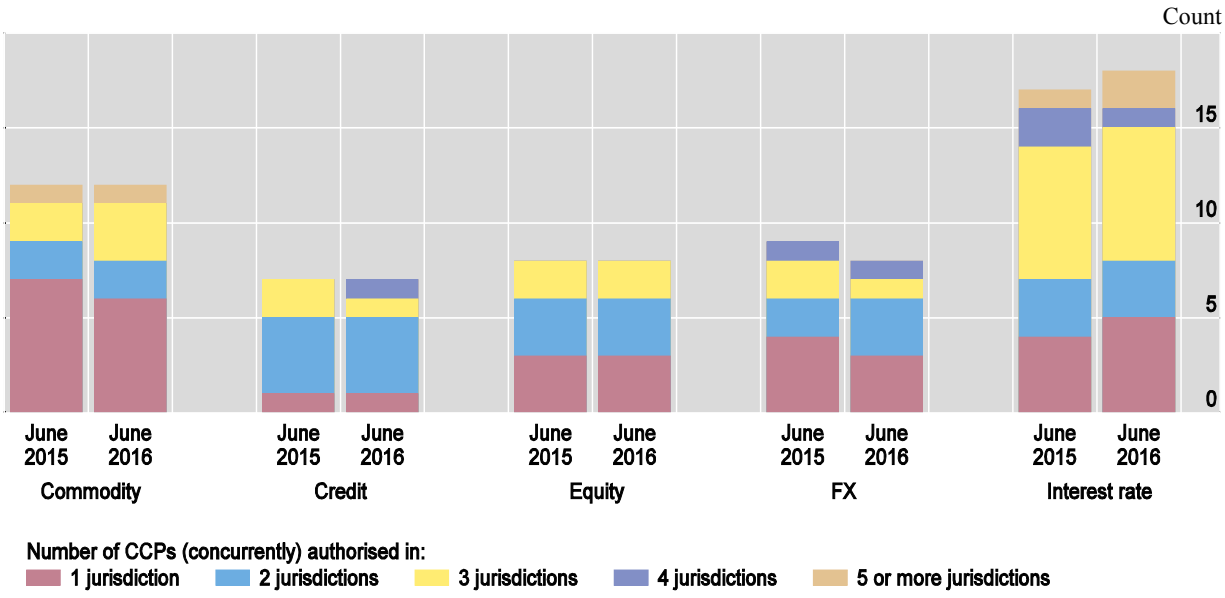
Source: FSB member jurisdictions.

Since June 2015 there has been some expansion in the cross-border availability of CCPs, with the majority of CCPs authorised to clear products in a given asset class in two or more jurisdictions (Figure 2, and Table S in Appendix H). Cross-border availability is greatest in the case of interest rate derivatives, where there are three CCPs concurrently authorised in four or more jurisdictions. Given that most jurisdictions allow only CCPs that have been authorised domestically to be used for meeting that jurisdiction's central clearing requirements (or, in some

cases, to be used at all by domestic market participants), increased cross-border availability of CCPs may be one factor in facilitating the further expansion of central clearing of OTC derivatives. More generally, having a given CCP available for use by a larger number of participants may also enhance the prospective multilateral netting, collateral efficiencies and other risk management benefits of that CCP (though this may also increase the systemic relevance of that particular CCP). Recent cross-border regulatory developments in relation to CCPs and central clearing are discussed further in Section 3.4.

Figure 2

Number of CCPs concurrently authorised in one or more jurisdictions



Each category indicates the number of FSB member jurisdictions in which a given CCP clearing at least some OTC derivatives sub-products in the indicated asset class has been concurrently authorised or pending authorisation (or have a temporary exemption from authorisation requirements) to offer direct and/or indirect clearing services. No CCP is currently available in more than 7 FSB member jurisdictions in a given asset class.

Source: FSB member jurisdictions.

3.3.2 Estimated scope for central clearing

Consistent with the fairly widespread availability across jurisdictions of CCPs clearing OTC interest rate derivatives, jurisdictions estimate a high potential for central clearing in this asset class (Table K).[36] Australia, Brazil, Canada, China, the EU, Japan, Russia and the US have estimated that 60% or more of new interest rate derivative transactions are able to be centrally cleared, given current central clearing offerings in their respective jurisdictions. Hong Kong, India and Singapore have estimated that around half of new interest rate transactions could be centrally cleared, given existing central clearing offerings. For other asset classes, however, estimates suggest that only a small share of new transactions are eligible to be cleared given the current availability of central clearing offerings across jurisdictions.

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

Table K

Estimated existing scope for central clearing of OTC derivatives asset classes[a]

Percent of all new transactions that can be centrally cleared
(given current clearing offerings in jurisdiction), March 2016

	Commodity					Credit					Equity					FX					Interest Rate				
	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100
AR																									
AU											●	–	–	–	–						-	-	-	●	-
BR	●	–	–	–	–						–	–	●	–	–	–	–	–	–	●	-	-	-	-	●
CA	●	–	–	–	–	–	–	●	–	–	●	–	–	–	–	●	–	–	–	–	-	-	-	●	-
CN																–	●	–	–	–	-	-	-	-	●
EU						–	●	–	–	–						●	–	–	–	–	-	-	-	●	-
HK[b]																●	–	–	–	–	-	-	●	-	-
IN						●	–	–	–	–						–	–	–	●	–	-	-	●	-	-
ID																									
JP						●	–	–	–	–											-	-	-	●	-
KR																					●	-	-	-	-
MX																					-	●	-	-	-
RU																					-	-	-	-	●
SA	●	–	–	–	–	●	–	–	–	–						●	–	–	–	–					
SG																–	●	–	–	–	-	-	●	-	-
ZA																									
CH																									
TR																									
US[c]	●	–	–	–	–	–	–	–	–	●	●	–	–	–	–	●	–	–	–	–	-	-	-	-	●
	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100	0 20	20 40	40 60	60 80	80 100

(a) Estimates provided by FSB member jurisdictions, using information available as at March 2016.

(b) For HK, estimate for FX includes both NDFs (currently subject to reporting requirements) and other product types (which will be subject to reporting requirements in 2017).

(c) For the US, no data is available to assess the CFTC's and SEC's respective market share in the OTC derivatives equity market. However, given limited CCP offerings in equity swaps, an estimate of "0–20%" has been made.

not applicable/no OTC derivatives transactions in this asset class.

no CCPs authorised to operate in jurisdiction to clear OTC derivatives transactions in this asset class.

CCPs operating, but data not able to be provided (typically because trade reporting requirements are not yet in force in this asset class, or due to data aggregation challenges).

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

3.3.3 Central clearing determinations

The progress across FSB member jurisdictions in implementing central clearing regulatory reforms (discussed above in Section 3.2.1), together with some increase in the availability of CCPs in individual jurisdictions, has been contemporaneous with an increase in the number of determinations made by authorities that specific OTC derivatives contracts should be centrally cleared (Table L). Since September 2015, determinations have come into force in Argentina, Australia and Mexico in relation to certain types of interest rate derivatives, while Hong Kong has made an interest rate clearing determination that will enter into force by September 2016. In March 2016 the European Commission adopted a regulation making it mandatory in the EU

for certain credit derivative contracts to be centrally cleared, and in June 2016 adopted a regulation regarding certain classes of non-G4 EU currency-denominated interest rate derivatives; these are both due to come into force during H1 2017. In addition to central clearing determinations that have been made to date, several jurisdictions have proposed or are consulting on clearing determinations. These include Canada (with respect to certain interest rate derivatives denominated in CAD, EUR, GBP and USD), Singapore (with respect to certain interest rate derivatives denominated in SGD and USD), and the US (CFTC, with respect to certain interest rate derivatives denominated in AUD, CAD, HKD, MXN, NOK, PLN, SGD, SEK and CHF).

There is some variation in the scope of entities subject to mandatory clearing requirements – see Appendix I for more detail.

Table L

Central clearing determinations

	Determinations in force as at end-June 2016[(a)]	Determinations that have been made and are anticipated to be in force by H1 2017
AU	* ***Interest rate:*** certain fixed-floating and basis swaps, FRAs and OIS denominated in AUD, EUR, GBP, JPY and USD	
CN	***Interest rate***: fixed-floating swaps denominated in CNY	
EU	* ***Interest rate***: certain fixed-floating and basis swaps, FRAs and OIS denominated in EUR, GBP, JPY and USD	* ***Credit:*** by early H1 2017, selected Europe (iTraxx) indices * ***Interest rate***: by early 2017, certain fixed-floating and basis swaps and FRAs denominated in NOK, PLN and SEK
HK		* ***Interest rate:*** by Sep 2016, certain fixed-floating and basis swaps denominated in EUR, GBP, HKD, JPY and USD and OIS denominated in EUR, GBP and USD
IN	***FX***: INR-USD forwards	
ID	***Equity:*** all derivative products related to capital market (in particularly equity derivatives) are required to be traded on exchange and centrally cleared.	
JP	***Credit*****:** selected Japan (iTraxx) indices ***Interest rate***: fixed-floating and basis swaps denominated in JPY	
KR	***Interest rate***: fixed-floating swaps denominated in KRW	
MX	* ***Interest rate***: certain fixed-floating swaps denominated in MXN	
US	***Credit*****:** selected North America (CDX) and Europe (iTraxx) indices ***Interest rate***: fixed-floating and basis swaps, FRAs and OIS denominated in EUR, GBP, JPY and USD	

(a) For more details on mandatory clearing requirements currently in force, see IOSCO information repository available at: http://www.iosco.org/publications/?subsection=information_repositories.

* indicates change since September 2015.

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

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

Some advances have been made in cross-border regulatory arrangements for central clearing and NCCDs.

In part related to the wider cross-border availability of CCPs discussed in Section 3.3.1, since September 2015, several specific decisions have been made to defer in some way to foreign jurisdictions' regulatory regimes for CCPs (Table M). In the EU, the European Commission has adopted equivalence decisions for the CCP regulatory regimes in Canada, Korea, Mexico, South Africa, Switzerland and the US (CFTC). Mexico has applied deference in relation to the US (CFTC) regime for CCPs, and the US (CFTC) has applied deference in relation to the EU regime for CCPs.

Brazil and Switzerland have now established a legal capacity for domestic authorities to defer to other jurisdictions' regulatory regimes for CCPs, while South Africa has regulatory reforms underway to establish this capacity.[37] Also, Hong Kong, Singapore and Switzerland have now established a capacity to apply deference in relation to other jurisdictions' mandatory central clearing requirements; Russia, South Africa and the US (Securities Exchange Commission (SEC)) have steps underway to establish this capacity, with legislative changes or other rule-making having been proposed. See Table T in Appendix K for more detail regarding jurisdictions' deference frameworks.

Table M

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

FSB member jurisdictions, as at end-June 2016

Jurisdiction making deference decision	**Regulatory requirement category**	**Jurisdiction receiving deference**
Australia	Regulatory regime for CCPs	EU, US (CFTC)
	Regulatory regime for market participants	Germany, Hong Kong, Singapore, UK, US
Canada	Regulatory regime for CCPs	UK, US (CFTC)
EU	Regulatory regime for CCPs	Australia, ***Canada***, Hong Kong, Japan, ***Korea***, ***Mexico***, Singapore, ***South Africa***, ***Switzerland***, ***US (CFTC)***
Hong Kong	Regulatory regime for market participants	***Australia, Brazil, Canada, EU, Japan, Singapore, Switzerland and US***
Mexico	Regulatory regime for CCPs	***US (CFTC)***
Singapore	Regulatory regime for CCPs	***UK, US (CFTC)***
US (CFTC)	Regulatory regime for CCPs	***Australia, EU, Hong Kong, Japan, Korea***
	Regulatory regime for market participants	Australia, Canada, EU, Hong Kong, Japan, Switzerland

New deference decisions since June 2015 indicated in ***bold italics***.

Regulatory regimes for market participants can include transaction-level requirements (such as certain clearing requirements) or entity-level requirements (such as certain supervision/oversight requirements, or general business conduct requirements).

Specific requirements, and deference decisions, under each broad category vary across jurisdictions.

Source: FSB member jurisdictions.

[37] The FSB published a report in September 2014 that reviewed FSB member jurisdictions' frameworks for deferring to other jurisdictions' OTC derivatives regulatory regimes. For further information, see footnote 11.

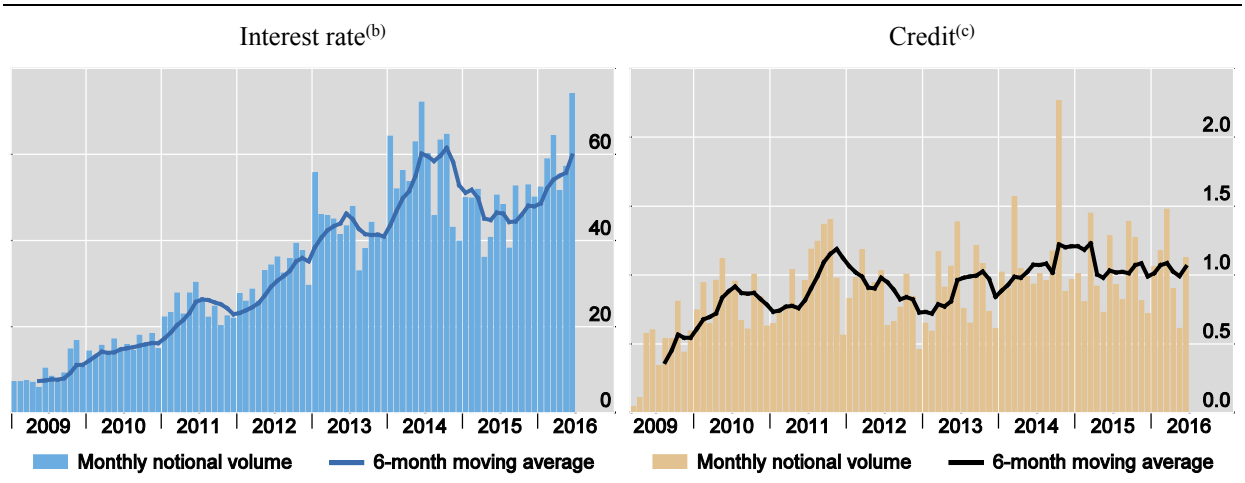
3.5 Market use of CCPs and other risk-mitigation services

Market use of CCPs continues to grow in clearing OTC interest rate and remains at high levels in credit derivatives. Aggregate clearing volumes for newly executed OTC interest rate derivative transactions has averaged around US$59 trillion in notional amounts per month in the six months to June 2016 for two of the largest CCPs currently authorised to offer central clearing in several jurisdictions, compared with around US$47 trillion in the six months to June 2015 (Figure 3). Central clearing volumes for credit derivatives have been fairly steady in recent years, averaging around US$1 trillion in notional amounts per month since the start of 2014 for the largest CCPs clearing credit derivatives in the EU and US.

Figure 3

Central Clearing Volumes in OTC Derivatives for Selected EU and US CCPs

Monthly notional amounts,[a] USD trillions



(a) Newly cleared transactions, gross of subsequent netting or compression.

(b) All OTC interest rate derivative transactions cleared by CME Clearing and LCH.Clearnet Ltd (SwapClear).

(c) All credit derivative transactions cleared by ICE Clear Credit and ICE Clear Europe.

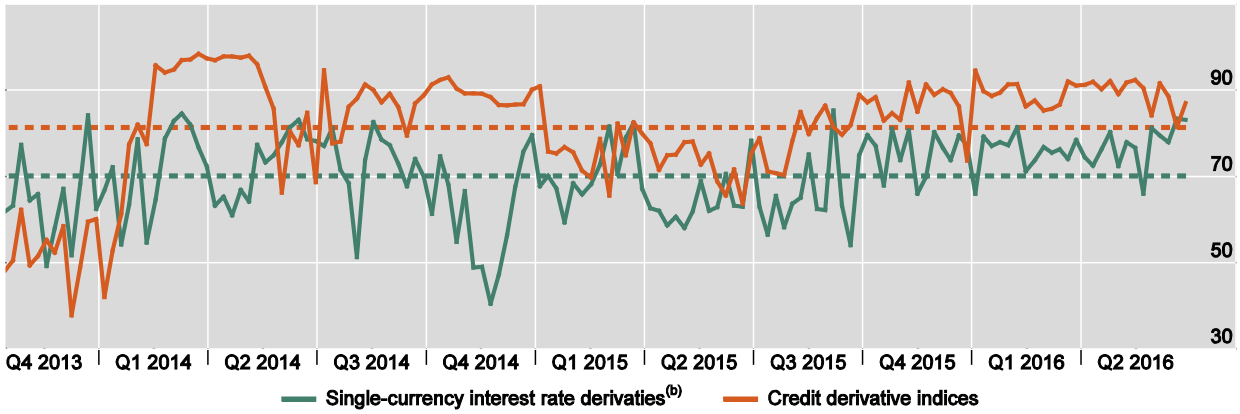
Sources: CME Group; ICE Clear, LCH.Clearnet.

Public information on newly transacted OTC derivatives in the US indicates that, of single-currency interest rate OTC derivatives transactions reported under CFTC trade reporting rules, centrally cleared trades as a percentage of weekly aggregate transaction volume have averaged 76% over H1 2016 (Figure 4). The rate of central clearing of OTC credit derivative indices is even higher, with the equivalent average figure being 89% for the same period.

Figure 4

Central Clearing of New OTC Derivatives Transactions in the US

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



Dotted line indicates average from October 2013 to June 2016.

(a) Transactions reported to CME Group SDR, DTCC Data Repository and ICE Trade Vault in accordance with CFTC trade reporting rules. Amounts cleared include both transactions subject to CFTC mandatory clearing requirements and those cleared voluntarily. Data are aggregated by notional principal amounts.

(b) Includes both single-currency and cross-currency transactions.

Source: CFTC, Weekly Swaps Report.

Evidence also suggests wide use of central clearing for interest rate derivatives when measured in terms of notional outstanding amounts; i.e., considering the 'stock' rather than the 'flow'. Based on transactions reported to DTCC by a group of large dealers[38] as at end-June 2016, the gross notional outstanding amount of centrally cleared positions was estimated to be US$188 trillion across all sub-product types (Figure 5). This represented around 65% of the estimated notional outstanding 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 56% of all estimated notional outstanding amounts.[39] On the other hand, as at end-June 2016 there was around US$103 trillion in notional outstanding amounts of transactions that had not been centrally cleared, but theoretically could be. These data suggest that there may be some scope for further uptake of central clearing. Consistent with this observation, authorities' estimates of the uptake of available central clearing offerings for new

[38] 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; Goldman Sachs; HSBC; J.P. Morgan; Morgan Stanley; Nomura Securities; Royal Bank of Canada; Royal Bank of Scotland; Société Générale; UBS; and Wells Fargo Bank. Information sourced from: http://www.dtcc.com/repository-otc-data.aspx?tbid=0#rates.

[39] 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 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. Note also that the CCPs used in these calculations are not necessarily authorised for use by all the market participants captured in these data.

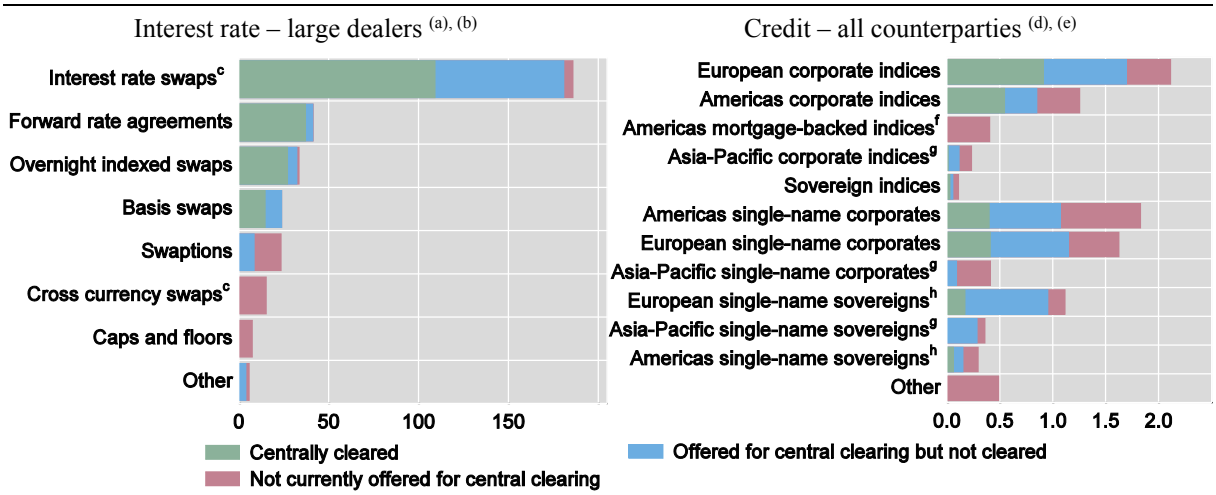
interest rate derivatives transactions suggest that, in several jurisdictions, there is scope for further uptake of central clearing (Table N).

The gross notional outstanding amount of credit derivatives across all market participants (not only large dealers, and adjusted for double-counting) was an estimated US$10.3 trillion as at end-June 2016.[40] Around US$6.4 trillion (63% of this total amount outstanding) was estimated to have been centrally clearable given existing credit derivatives clearing offerings of CCPs, while US$2.6 trillion (25% of the total amount outstanding) had in fact been centrally cleared.

Figure 5

Central Clearing of OTC Interest Rate and Credit Derivatives by Product Type

Outstanding notional amounts, USD trillions, as at end-June 2016



(a) Estimates based on public TR information and present central clearing offerings of Asigna, ASX, BM&F BOVESPA, CCIL, CME, Eurex Clearing, HKEx, JSCC, KDPW, KRX, LCH.Clearnet Ltd, Nasdaq OMX, Moscow Exchange, SCH and SGX. Amounts cleared include transactions subject to mandatory clearing requirements in certain jurisdictions and those cleared voluntarily.

(b) Adjusted for double-counting of dealers' centrally cleared trades; amounts reported to DTCC by 16 large dealers.

(c) Includes vanilla (> 98% of total) and exotic (< 2% of total) products as classified by DTCC.

(d) Estimates based on public TR information and present central clearing offerings of CME, Eurex Clearing, ICE Clear Credit, ICE Clear Europe, JSCC and LCH.Clearnet SA. Amounts cleared include transactions subject to mandatory clearing requirements in certain jurisdictions and those cleared voluntarily.

(e) Adjusted for double-counting of centrally cleared trades; amounts reported to DTCC for all counterparties.

(f) Includes both residential and commercial mortgage-backed indices.

(g) Includes corporates for Japan, Asia ex-Japan and Australia/NZ.

(h) Includes sovereigns, sub-sovereign states and state-owned enterprises.

Sources: DTCC; various CCPs; FSB calculations.

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

Table N

Estimated existing scope for central clearing of OTC interest rate derivatives[(a)]

March 2016

	Of all new transactions, estimated percent that can be centrally cleared (given current clearing offerings in jurisdiction)					Of all new transactions that can be centrally cleared (given current clearing offerings in jurisdiction), estimated percent that has been centrally cleared				
	0–20	20–40	40–60	60–80	80–100	0–20	20–40	40–60	60–80	80–100
AR										
AU	-	-	-	●	-	-	-	-	-	●
BR	-	-	-	-	●	●	-	-	-	-
CA	-	-	-	●	-	-	-	-	-	●
CN	-	-	-	-	●	-	-	-	-	●
EU	-	-	-	●	-	-	-	-	●	-
HK	-	-	●	-	-	-	-	●	-	-
IN	-	-	●	-	-	●	-	-	-	-
ID										
JP	-	-	-	●	-	-	-	●	-	-
KR	●	-	-	-	-	-	●	-	-	-
MX	-	●	-	-	-	●	-	-	-	-
RU	-	-	-	-	●	●	-	-	-	-
SA										
SG	-	-	●	-	-	-	●	-	-	-
ZA										
CH										
TR										
US	-	-	-	-	●	-	-	-	-	●
	0–20	20–40	40–60	60–80	80–100	0–20	20–40	40–60	60–80	80–100

(a) Estimates provided by FSB member jurisdictions, using information available as at March 2016.

no CCPs authorised to operate in jurisdiction to clear OTC derivatives transactions in this asset class.

CCPs operating, but data not able to be provided (typically because trade reporting requirements are not yet in force in this asset class, or due to data aggregation challenges).

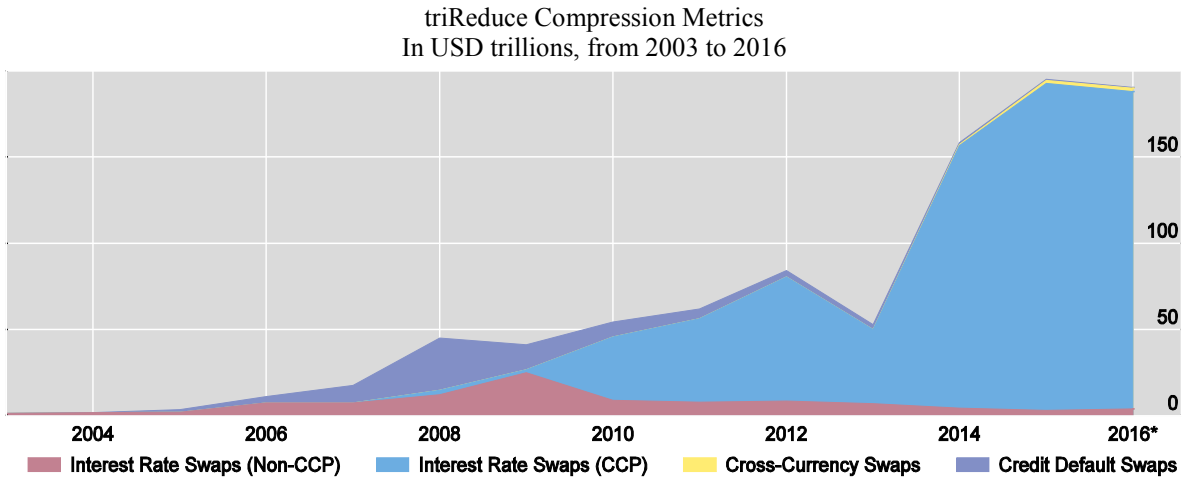
For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

Given that a material proportion of OTC derivative transactions remain bilateral (and will likely remain so into the future), and as discussed in Section 3.2.4, some authorities have been promoting the wider use of various risk mitigation techniques for NCCDs. In several cases market participants apply these techniques through the use of third-party services, particularly where there are potential multilateral benefits. Two of those services, multilateral trade reconciliation and portfolio compression, are used by large OTC derivatives market participants; Figure 6 shows developments in the use of trade compression at one prominent service provider, for some asset classes of both NCCDs and cleared OTC derivatives.

Figure 6

Use of portfolio compression services



Volume of trades compressed annually, measured by overall reduction in gross notional outstanding effected by compression cycles. Figures quoted are single-counted, apart from CCP, which are double-counted in line with market convention.

* to 30 June, annualised

Sources: TriOptima.

3.6 Implementation issues, market developments, and related international workstreams

3.6.1 Availability and access to central clearing

Some authorities continue to note concerns over the availability of central clearing services. For instance, some authorities have noted that some CCPs' operating arrangements may pose challenges for some market participants. These challenges include situations in which a jurisdiction's list of eligible collateral may not include (or may impose restrictions on) collateral that is commonly delivered in certain other markets. Other challenges include requirements to post cash for variation margin where a counterparty does not hold much cash (for instance, some pension funds), or where legal title over cash collateral is problematic. Some jurisdictions are considering or have enacted legal reform to provide more certainty in regard to such challenges (e.g. Australia[41]).

Certain authorities have noted that CCPs may have incentives to expand offerings to include non-standardised contracts, suggesting authorities be alert to these developments. As has been discussed previously by the FSB, and consistent with the CPMI–IOSCO PFMI, in determining whether an OTC derivative product is 'standardised' and therefore suitable for central clearing, authorities and CCPs should take into account: (i) the degree of standardisation of a product's contractual terms and operational processes; (ii) the depth and liquidity of the market for the

[41] In May 2016, Australia passed legislation to protect the enforcement of security in financial contracts. The law reform ensures that collateral provided for OTC derivatives under security-based arrangements can be enforced if those arrangements satisfy certain requirements, notwithstanding other contradictory laws such as insolvency laws, or inconsistent priority regime for personal property security (noting that these robust protections already exist under Australian law for title transfer arrangements).

product in question; and (iii) the availability of fair, reliable and generally accepted pricing sources.[42]

Availability of client clearing services for smaller market participants has been noted as an issue by several authorities, in jurisdictions both with small and large OTC derivatives markets. A range of factors has been identified by these authorities as contributing to these concerns. Several authorities have noted difficulties encountered by small financial firms in gaining access to central clearing services, with many clearing intermediaries unwilling (or unable) to take on their business due to the low value of transactions these firms undertake, relative to the operational costs of on-boarding and of ongoing provision of clearing services to clients. There are also significant economies of scale in offering client clearing services, and these may be contributing to some increased concentration in the availability of client clearing service offerings. The broader interaction of capital, leverage and liquidity standards has also been noted by some authorities as impacting banks' willingness to provide client clearing services.

As noted in Section 3.3.3 above, central clearing requirements are being implemented with different entity scope and different exemption regimes in different jurisdictions, as shown in Appendix I. In light of these differences in the scope of the application of mandatory clearing requirements, some authorities have noted that it may be appropriate to consider whether the participant scope of mandatory clearing requirements could be more focused on the most active derivatives users. In practice, in some cases where mandatory clearing requirements are in (or are coming into) force, these requirements already exempt or exclude many smaller users. Even absent mandatory clearing requirements, demand for client clearing can be expected to remain strong, since the broad policy intention is for market participants to face stronger incentives to centrally clear transactions rather than retain bilateral exposures.

Concerns have been raised by some authorities that, among several other factors, the leverage ratio treatment of cleared client derivatives transactions (i.e., where initial margin collateral collected from clients is not permitted to reduce the clearing member's leverage ratio exposure) may be discouraging banks from offering client clearing services. The BCBS recently released a consultation paper on the Basel III leverage ratio, which seeks further evidence and data on the impact of the leverage ratio on client clearing and on clearing members' business models.[43] As noted in the consultation paper, preserving incentives to centrally clear (including through the availability of client clearing services) helps support the G20 objective for central clearing of standardised OTC derivatives contracts. Moreover, some observers also argue that the leverage ratio capital charge, which is one of the factors surviving clearing members must consider in deciding whether to accept transfers of customer positions from defaulting clearing members, may reduce their willingness to accept such positions; their concern is that this could result in these positions having to be liquidated, potentially in times of market stress. At the same time, the leverage ratio is deliberately designed as a less risk-sensitive measure within the broader suite of reforms supporting the G20 goal of increasing the resilience and loss-absorbing capacity of the banking sector.

In response to the demand for client clearing, some CCPs have been exploring alternative participation arrangements for facilitating client access, in some cases reflecting CCPs'

---

[42] For instance, see Recommendation 5 of FSB (2010), *Implementing OTC Derivatives Market Reforms*; available at: http://www.fsb.org/wp-content/uploads/r_101025.pdf.

[43] BCBS (2016), *Revisions to the Basel III leverage ratio framework – Consultative document*, April; available at: http://www.bis.org/bcbs/publ/d365.pdf.

concerns about concentration in the market for client clearing services. These alternative participation arrangements could see clients (such as insurance companies, smaller financial institutions, and pension and investment funds) establish direct contractual and operational relationships with CCPs, while some of the usual obligations of clearing membership (such as default fund contribution, or participation in default management processes such as portfolio auctions) are performed by clearing agents. Notwithstanding that such developments could support the FSB's safeguard on fair and open access for a resilient and efficient global framework for central clearing,[44] authorities should continue to monitor this development closely, including the financial soundness and legal robustness of CCP arrangements.

3.6.2 Expansion of mandatory clearing requirements

Some authorities have noted that the expanding set of mandatory clearing requirements across jurisdictions (as discussed in Section 3.3.3) may raise some cross-border regulatory issues. For instance, expansion of mandatory clearing requirements may see some increase in the number of CCPs concurrently authorised to provide clearing services in multiple jurisdictions. Where particular products have been mandated for central clearing in one jurisdiction but not others, there is some potential for market fragmentation, increased market or counterparty risk concentration (if this results in increased demand for client clearing services provided by a small number of firms) and/or regulatory arbitrage. Therefore authorities should carefully monitor developments in this regard.

Cross-border issues related to mandatory clearing requirements have previously been explored by IOSCO in a report published in February 2012.[45] That report made a number of recommendations regarding how authorities might coordinate with each other, including identifying overlaps, conflicts and gaps between mandatory clearing regimes with respect to the cross-border application of central clearing obligations. The OTC Derivatives Regulators Group (ODRG) previously agreed to a framework for consulting one another on mandatory clearing determinations, with the aim of harmonising mandatory clearing determinations across jurisdictions to the extent practicable and as appropriate, subject to jurisdictions' determination procedures.[46] ODRG members are considering ways to enhance the existing framework for such cooperation.

Some authorities have noted that, notwithstanding the progress in cross-border regulatory arrangements for central clearing discussed in Section 3.4, further progress in the cross-border availability of CCPs could be a factor for some authorities when considering possible mandatory clearing requirements in products that are significantly cross-border. In particular, some authorities have noted that the need for a CCP in their jurisdiction to be authorised in a foreign jurisdiction may delay consideration and adoption of specific central clearing determinations by an authority whose CCP is not yet authorised abroad. This is because, in the absence of such foreign authorisation for a given CCP, market participants subject to the regulatory regime of the foreign jurisdiction may be prevented from clearing through this CCP.

---

[44] For more detail on the FSB's safeguards for centrally clearing, see Appendix II in FSB (2012), *OTC Derivatives Market Reforms: Third Progress Report on Implementation*, June; available at: http://www.fsb.org/wp-content/uploads/r_120615.pdf.

[45] IOSCO (2012), *Requirements for Mandatory Clearing*, February; available at: https://www.iosco.org/library/pubdocs/pdf/IOSCOPD374.pdf.

[46] ODRG (2013), Report on agreed understandings to resolving cross-border conflicts, inconsistencies, gaps and duplicative requirements, August; available at: http://www.cftc.gov/idc/groups/public/@newsroom/documents/file/odrgreport.pdf.

3.6.3 Joint workplan for CCP international policy work

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

To coordinate international policy work on resilience, recovery planning, resolvability, and interdependencies with respect to CCPs, in April 2015 a workplan was agreed by the chairs of the BCBS, CPMI, FSB Resolution Steering Group, FSB Standing Committee on Supervisory and Regulatory Cooperation, and IOSCO.[47] Progress reports on this workplan were published in September 2015,[48] and 16 August 2016.[49] They set out the progress made in implementing the work plan and the timelines for expected 2017 deliverables, which include the development of more granular guidance for CCP resilience, recovery and resolution, and a report on findings from an analysis of the interdependencies in central clearing.

As noted in Section 2.5.4, CPMI–IOSCO have several PFMI implementation monitoring workstreams underway, which review the application of both the Principles and the Responsibilities for authorities in relation to CCPs as well as to other types of financial market infrastructures. In addition to the 'Level 2' peer reviews of individual jurisdictions, a 'Level 3' assessment commenced in July 2015, focusing on a subset of standards under the PFMI that relate to financial risk management and recovery practices by reviewing implementation measures in place at a selected set of derivatives CCPs (including aspects of governance of risk management, credit risk, liquidity, margin, collateral policy and investments and default management and recovery planning). A report on the results of this assessment was published on 16 August and shows that the CCPs have made important and meaningful progress in implementing arrangements consistent with the financial risk management and recovery standards of the PFMI.[50] Some gaps and shortcomings have nevertheless been identified relative to these standards. In the area of recovery planning, in particular, a number of CCPs have not yet put in place the full set of recovery rules and procedures envisaged in the PFMI. In the areas of credit and liquidity risk management, some CCPs have not yet put in place sufficient policies and procedures to ensure that they maintain the required level of financial resources on an ongoing basis, including adequate arrangements to ensure a prompt return to the target level of coverage in the event of a breach, and some do not include sufficient liquidity-specific scenarios in their liquidity stress tests. For such CCPs, the report concludes these are serious issues of concern that should be addressed with the highest priority.

Together with the implementation report, on 16 August CPMI-IOSCO also published a consultative report on further guidance to the PFMI regarding financial risk management and recovery planning for CCPs.[51] This report has benefitted from the findings of the

---

47 BCBS–CPMI–FSB–IOSCO (2015), *Chairs' 2015 CCP Workplan (15 April 2015)*, September; available at: http://www.fsb.org/wp-content/uploads/Joint-CCP-Workplan-for-2015-For-Publication.pdf.

48 BCBS–CPMI–FSB–IOSCO (2015), *Progress Report on the CCP Workplan*, September; available at: http://www.fsb.org/wp-content/uploads/Progress-report-on-the-CCP-work-plan.pdf.

49 BCBS–CPMI–FSB–IOSCO (2016) *Progress Report on the CCP Workplan*, August; available at: http://www.fsb.org/wp-content/uploads/Progress-Report-on-the-CCP-Workplan.pdf.

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

51 See CPMI-IOSCO (2016), *Resilience and recovery of central counterparties (CCPs): Further guidance on the PFMI - consultative report*, August; available at http://www.bis.org/cpmi/publ/d149.htm and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD539-portfolio.pdf.

implementation monitoring exercise, as well as detailed stocktaking surveys and industry input. The guidance in the consultative report intends to provide a more granular description of how CCPs are to implement the PFMI. The report sets out guidance in the following main areas: (i) governance and disclosure relating to the CCP's risk management framework; (ii) credit and liquidity stress testing; (iii) margin; (iv) a CCP's contribution of its financial resources to losses; (v) coverage of credit and liquidity resource requirements and (vi) recovery planning. The guidance is intended to further improve the resilience and recovery planning of CCPs. In addition, CPMI and IOSCO are considering the need for and developing, as appropriate, a framework for supervisory stress testing of CCPs.

A working group of the FSB's Resolution Steering Group is continuing its work on CCP resolution. The working group was mandated to consider the need for, and develop as appropriate, standards or guidance for CCP resolution planning, resolution strategies and resolution tools, including resolution financing as well as cross-border cooperation, coordination and recognition of resolution actions. A high-level discussion note on CCP resolution that sets out the issues and overall direction was published for consultation on 16 August.[52] The discussion note identifies a set of questions and considerations that are regarded as core to CCP resolution and the development of effective resolution strategies and plans for CCPs. Issues covered in the discussion note include the timing of entry into resolution; the adequacy of financial resources; the choice of tools for returning to a matched book and allocating default and non-default losses; the application of the no creditor worse off safeguard; the treatment of the CCP's equity in resolution; cross-border cooperation and issues relating to the cross-border effectiveness of resolution actions. Based on the responses to the public consultation, the FSB will develop proposals for more granular standards or guidance which will be issued for public consultation in early 2017 and finalised by the time of the 2017 G20 Summit.

As part of the joint CCP workplan, and in support of the above workstreams, a joint BCBS–CPMI–FSB–IOSCO study group has been established to identify, quantify and analyse interdependencies between CCPs and key CCP participants and any resulting systemic implications. The study group will undertake a survey of a range of CCPs, to map key interconnections between CCPs and its participants globally – in terms of both memberships and multiple service provisions (such as reliance on particular banks for lines of credit, etc.). Initial results of the group's work will be provided to parent committees in early 2017.

3.6.4 Implementation of margin requirements for non-centrally cleared derivatives

As the start date for the BCBS–IOSCO margin requirements phase-in period approaches, some authorities have identified several implementation issues, notwithstanding that progress in implementation is being made by many authorities. A monitoring group was established by BCBS and IOSCO in 2014 to assess the state of implementation, readiness, efficacy and appropriateness of the margin requirements across jurisdictions. Implementation issues that have been identified by the monitoring group and some authorities include:

- *Interaction of, and differences in, authorities' requirements in cross-border contexts.* There are some differences and uncertainties such as which transactions are subject to

[52] See FSB (2016), *Essential Aspects of CCP Resolution Planning Discussion Note*, August; available at http://www.fsb.org/wp-content/uploads/Essential-Aspects-of-CCP-Resolution-Planning.pdf.

requirements, and what is eligible collateral under these requirements. Clarity on the nature and materiality of these cross-border issues and how they might be resolved, is complicated by the fact that to date only a relatively small number of jurisdictions' detailed requirements are in operation or have been proposed (see Section 3.2.3 above).

- *Market participant readiness for commencement of requirements*. Some authorities have reported that a significant amount of trading relationship documentation may need to be amended following authorities' finalisation of applicable regulatory regimes. Additionally, for many market participants, while industry-led work on model harmonisation is proceeding, in some cases such initial margin models require regulatory approvals that are still pending.
- *Netting practices and collateral enforceability*. Some authorities have noted that implementation of margin requirements in cross-border contexts can be complicated where, for counterparties or transactions governed by the law of a particular jurisdiction, netting agreements governing OTC derivatives transactions may not be fully effective under the law of that jurisdiction in events of default or insolvency.
- *Substituted compliance and equivalency determinations*. Some authorities have noted that deference should be applied in relation to margin requirements where this is appropriate and justified, to avoid duplication and inconsistencies in requirements.
- *Timing for the exchange of margin*, including calculation and collection. Some authorities have noted that there may be operational challenges for transactions involving counterparties and collateral across multiple time-zones or where there are different settlement periods for securities in different jurisdictions.

As the implementation of these margin requirements proceeds, the BCBS–IOSCO monitoring group will continue to assess implementation developments and report to its parent committees as appropriate.

3.6.5 Outsourcing and third-party vendors

Some authorities have noted that, in response to regulatory developments, third-party vendors are beginning to provide new services to clients (i.e. firms are outsourcing services), with respect to both centrally cleared and non-centrally cleared transactions. These authorities also note that these outsourcing opportunities appear to be driven by various factors, including the desire to reduce the cost of capital requirements and to centralise several aspects of margin processes. There is an increasing need to understand firms' underlying workflows as they utilise third-party vendors to meet regulatory requirements, including potentially by outsourcing some risk management processes. Some authorities have noted the importance of increased monitoring by them for any new operational or other risks associated with the use of such outsourcing.

3.6.6 Further interactions of regulatory requirements and central clearing incentives

Reforms are coming online over the remainder of 2016 and in 2017 (such as margin requirements for NCCDs, and capital requirements for banks' exposures to CCPs) that could be expected to strongly affect the incentives to centrally clear relative to transacting bilaterally.

Additionally, obligations arising from participation in CCPs (including those arising from recovery or resolution planning for CCPs) can also shape incentives in this area.

The chairs of the BCBS, Committee on the Global Financial System (CGFS), CPMI, FSB and IOSCO established a Derivatives Assessment Team (DAT) to assess the incentives to centrally clear OTC derivatives resulting from the various standards for capital and margin requirements developed by standard-setting bodies. A report of the DAT's findings was published in October 2014.[53] In light of subsequent policy development (as discussed earlier in this section) and ongoing implementation since that report was finalised, a follow-up assessment of central clearing incentives will be undertaken, building on this previous report. This work is expected to commence in the coming months.

[53] 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.

4. Exchange and electronic platform trading and market transparency

4.1 Overview

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

4.2 Reforms to regulatory frameworks

Since September 2015, Australia, Mexico and Switzerland have finalised their OTC derivatives trade execution regimes. This brings to 11 the number of FSB member jurisdictions that, as at end-June 2016, have standards or criteria for determining when products should be traded on organised trading platforms in force for over 90% of all transactions (Table O).

In the case of Australia and Mexico, the legislative basis for making trade execution determinations had been in force for some time, with authorities in these jurisdictions now also having set out their standards/criteria for making trading determinations. In the case of Switzerland, the underlying standards/criteria for making determinations have been directly incorporated into enabling legislation that came into force at the start of 2016. The other jurisdiction to take steps since September 2015 was Russia, where consultations have commenced regarding establishing a legislative framework or other authority to promote platform trading.

In the EU, the date of application of the Markets in Financial Instruments Directive (MiFID II) and the new Markets in Financial Instruments Regulation (MiFIR) has been extended[54] by one year to January 2018; this legislation had been adopted in June 2014. Notwithstanding this delay, it remains the case that the adoption by the European Commission of any mandatory clearing requirement triggers an obligation for the European Securities and Markets Authority (ESMA) to analyse whether the class of derivatives subject to this clearing requirement should also be subject to mandatory trade execution requirements. As discussed in Section 3.3.3 above, the European Commission has adopted clearing obligations for several credit and interest rate derivatives classes. Compliance by market participants with any mandatory trade execution requirements would begin in 2018.

By mid-2017 South Africa expects to have taken further steps in adopting a regulatory framework for platform trading for OTC derivatives. Few other regulatory reform steps by jurisdictions are anticipated over the course of 2016-7. Several authorities have also noted that, at present, there is insufficient liquidity or market depth for platform trading to be appropriate, and introducing platform trading requirements may adversely affect the functioning of an

[54] See http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2016:175:FULL&from=EN.

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

Appendix F provides additional detail on jurisdictions' anticipated regulatory progress in this commitment area.

Table O

Status of exchange or electronic platform trading regulatory implementation

		Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR		3	3	3	3	3	3	3	3
AU		1	3	3					
BR		1	1	1	1	1	1	2	3
CA		2	2	2	2	2	2	2	2
CN		3	3	3	3	3	3	3	3
EU	FR								
	DE								
	IT								
	NL								
	ES								
	UK								
HK		1	1	1	1	1	1	1	1
IN		1	1	1	1	1	1	1	1
ID[(a)]		3	3	3	3	3	3	3	3
JP									
KR									
MX		1	1	1					
RU			1	1	1	1	1	2	2
SA		1	1	1	1	1	1	1	1
SG		1	1	1	1	1	1		
ZA		1	1	1	1	1	1	2	
CH		1	1						
TR		1	1	1	1	1	1	1	2
US									

(a) In the 10th implementation progress report Indonesia was reported as "Yellow 1" through the reporting period. It has now been determined on the basis of further information provided that the applicable grade is "Yellow 3".

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

4.3 Availability of trading platforms and related developments

4.3.1 Availability of trading platforms

Organised trading platforms are available in 11 FSB member jurisdictions for trading OTC derivatives – see Appendix J for a list of platforms reported by jurisdictions as being available. In the case of Australia, Canada, China, Japan, Mexico and the US, platforms are available across a wide range of OTC derivatives products. Additionally, the EU has a wide availability of platforms, although the current regulatory status of these platforms does not yet reflect the

implementation of new regulatory requirements that will come into force under MiFID II/MiFIR. In India, a platform is available for interest rate swaps and FX forward contracts and Russia has two trading platforms. No other jurisdictions have reported that there are any trading platforms authorised for executing OTC derivatives transactions.

4.3.2 Trading requirements

At end-June 2016, three FSB member jurisdictions had determinations in force for specific products to be executed on organised trading platforms (Table P). In April 2016, requirements came into force in Mexico for certain MXN-denominated interest rate swaps to be executed on trading platforms. Determinations had been made previously in Japan and the US. In the EU, where central clearing determinations have been adopted for certain classes of interest rate derivatives, ESMA is expected to submit to the European Commission an assessment and recommendation for trade execution determinations in these product classes. The European Commission would then have to adopt determinations to implement specific trade execution requirements.

Table P

Trade execution determinations

Determinations in force as at end-June 2016

JP	***Interest rate***: selected fixed-floating swaps denominated in JPY
MX	* ***Interest rate***: certain fixed-floating swaps denominated in MXN
US	***Credit*:** selected North America (CDX) and Europe (iTraxx) indices ***Interest rate***: selected fixed-floating and basis swaps, FRAs and OIS denominated in EUR, GBP, JPY and USD

For jurisdiction codes see Table A on page 3.

* Indicates change since September 2015

Source: FSB member jurisdictions.

A recent Bank of England study[55] has analysed the effect of the introduction of trade execution requirements in the US for certain USD- and EUR-denominated interest rate swaps. This study found that, as a result of these requirements, market activity increased and liquidity improved across these markets, with the improvement being largest for USD-denominated interest rate swaps. The associated reduction in execution costs was found to be economically significant. This study was focused on developments in the US swaps market; markets in other jurisdictions may have different characteristics that could be important in considering the effect of any trade execution requirements.

In practice, trading of OTC derivatives on exchanges or electronic platforms is not solely dependent on trading requirements being adopted by individual jurisdictions. As these markets are global, requirements imposed in one jurisdiction may affect trading patterns in other jurisdictions.

[55] See Benos, E., Payne, R. and Vasios, M. (2016), Centralized trading, transparency and interest rate swap market liquidity: evidence from the implementation of the Dodd-Frank Act, Bank of England Staff Working Paper No.580, January; available at: http://www.bankofengland.co.uk/research/Documents/workingpapers/2016/swp580.pdf.

4.3.3 Market transparency

As recommended by the FSB in its October 2010 report, authorities should explore the benefits and costs of requiring public price and volume transparency of all trades, including for non-standardised derivatives or NCCDs that continue to be traded OTC.[56]

Earlier progress reports have noted the importance of the commitment that standardised OTC derivatives contracts should be traded on electronic trading platforms or exchanges, where appropriate, as a means for improving market transparency and assisting in protecting against market abuse. Few jurisdictions have reported changes in pre- or post-trade transparency since the ninth (July 2015) progress report. In July 2016, the SEC adopted amendments and guidance related to rules regarding regulatory reporting and public dissemination, known as Regulation SBSR.

4.3.4 Cross-border regulatory arrangements

Similar to the developments discussed in Section 3.4, some advances have been made in cross-border regulatory arrangements for trade execution of OTC derivatives (see Table T in Appendix K). Switzerland's legislative reforms that came into force at the start of 2016 have established a legal capacity for domestic authorities to defer to other jurisdictions' regulatory regimes regarding the authorisation of trading platforms, and South Africa has regulatory reforms underway to establish this capacity. Switzerland has joined the group of jurisdictions with a broad legal capacity to defer to other jurisdictions' trade execution requirements; Russia, Singapore, South Africa and the US (SEC) have taken steps to establish this capacity.

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

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

Total notional outstanding amounts for all OTC derivatives, USD, March 2016

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

Estimates based on each jurisdiction's own assessment, using information available as at March 2016.

■ indicates: not applicable/no OTC derivatives transactions in this asset class.

▨ indicates: data not able to be provided.

(a) The US categorisation for the equity asset class reflects only CFTC data.

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

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

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

	Q3 2015	**Q4 2015**	**Q1 2016**	**Q2 2016**	***Q3 2016***	***Q4 2016***	***H1 2017***	***H2 2017***
AR	3 Implementation of CNV rule requiring exchanges to develop systems and procedures for the registration of bilateral OTC derivatives contracts entered into by entities under its jurisdiction (section 10,Chapter V, Title VI of CNV NORMAS 2013) is in advance implementation stage, through entities regulations.	3	3	3	3	3	3	3
AU								
BR								
CA								
CN								
EU				Adoption of technical modifications to reporting fields by the EC.			Entry into force of the technical modifications to reporting fields adopted by the EC.	

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
HK	3 Phase 1 reporting and related record keeping rules became effective in July 2015. A consultation paper on the expanded scope of reporting requirements (phase 2 reporting) was issued in September 2015.	3 Consultation period for phase 2 reporting ended.	3 The consultation conclusions paper on phase 2 reporting was issued in February 2016. Related subsidiary legislation was enacted in February 2016 by the Legislative Council.	3	3	3	3	Phase 2 reporting will be effective from 1 July 2017.
IN	TR in place	TR in place	TR in place		TR to be put in place for interest rate options			
ID								
JP								
KR		Review of draft amendment of the FSCMA for TR introduction	Build-up of TR scheme and workflow	Discussion and acceptance of views on the TR scheme	Draft proposal for regulations subordinate to the FSCMA for TR service implementation	Setup of TR business regulation	Demonstration of TR service	Implementation of TR service, phase 1
MX						The information requirement of Banco de México regarding credit derivatives is expected to become effective in Q4 2016.		
RU	3 Trade reporting is mandatory only for FX swaps under master agreement for all market participants.	Since October, 1st 2015 trade reporting is mandatory for all OTC derivative contracts under master agreement under Ordinance of the Bank of Russia No.3253-U of 30 April 2015.	Trade reporting is mandatory for all derivative contracts under master agreement.	Trade reporting is mandatory for all derivative contracts under master agreement.	Trade reporting is mandatory for all derivative contracts under master agreement.	Trade reporting is mandatory for all derivative contracts under master agreement.	Trade reporting is mandatory for all derivative contracts under master agreement.	Trade reporting is mandatory for all derivative contracts under master agreement.
SA								
SG								

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
ZA	2 Draft Regulations were published for public comment in June 2015. In addition draft Board Notices issued by the Registrar of the Securities Services (i.e. Financial Services Board) aim to address reporting to licensed Trade Repository(s).	2 Draft Regulations have been published for public comment. In addition draft Board Notices issued by the Registrar of the Securities Services (i.e. Financial Services Board) aim to address reporting to licensed Trade Repository(s).	2 Draft Regulations have been published for public comment. In addition draft Board Notices issued by the Registrar of the Securities Services (i.e. Financial Services Board) aim to address reporting to licensed Trade Repository(s).	2 Draft Regulations have been published for public comment. In addition draft Board Notices issued by the Registrar of the Securities Services (i.e. Financial Services Board) aim to address reporting to licensed Trade Repository(s).	2 Draft Regulations were published for a third round of public comment in July 2016. In addition to the Regulations, draft Board Notices issued by the Registrar of the Securities Services (i.e. Financial Services Board) aim to address reporting to licensed Trade Repository(s).	3 Legislative framework is in force	Legislative framework is in force. Standards and trade reporting requirements are in force for all OTC derivative transactions in the following asset classes: • commodities • credit • foreign exchange • equity • interest rate	Legislative framework is in force. Standards and trade reporting requirements are in force for all OTC derivative transactions in the following asset classes: • commodities • credit • foreign exchange • equity • interest rate
CH	1 The existing framework covering some OTCD transactions is in force; new legislation replacing existing framework has been finalised by Parliament, but not yet enacted.	1 The existing framework covering some OTC transactions is in force; new legislation replacing existing framework has been finalised by Parliament, but not yet enacted.	3 Legislation entered into force (replacing previous framework). Reporting requirements in place. Trade reporting obligations phase-in (following licensing/recognition of TR).	3 Trade reporting obligations phase-in (following licensing/recognition of TR).	3 Trade reporting obligations phase-in (following licensing/recognition of TR).	3 Trade reporting obligations phase-in (following licensing/recognition of TR).	Trade reporting obligations phase-in (following licensing/recognition of TR).	Trade reporting obligations expected to apply (phase-in completed).

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
TR	1	1 The Implementing Regulation on Procedures Concerning TR's Activities and the Communiqué on Reporting Obligations to TRs have been drafted and communicated to major related institutions and market participants for consultation.	2 The first phase of drafting of the Implementing Regulation on Procedures Concerning TR's Activities and the Communiqué on Reporting Obligations to TRs has been finalised in line with the consultation with major related institutions and market participants.	2 The Implementing Regulation on Procedures Concerning TR's Activities and The Communiqué on Reporting Obligations to TRs have been drafted and circulated to related authorities and professional associations for consultation or proposal.	3 The Implementing Regulation on Procedures Concerning TR's Activities and The Communiqué on Reporting Obligations to TRs are planned to be revised as a second phase of drafting based on the proposals received from related authorities and professional associations. The revised version of the draft regulations will then be circulated to other departments of CMB and related institutions for consultation or proposal.	3 The third and last phase of drafting of The Implementing Regulation on Procedures Concerning TR's Activities and The Communiqué on Reporting Obligations to TRs is planned to be finalised based on the proposals received from CMB departments. The last versions of the regulations are planned to be adopted.	Related regulations will be adopted and related parties will be given time for adaptation to the regulations. In the meantime, CMB, CRA and other related public authorities will work on practical issues and additional working papers to guide market participants on reporting requirements.	First reporting of transactions are expected to take place. No gradual transition is planned. Reporting requirements and standards are expected to apply to over 90 % of transactions.
US						SEC: Compliance with SEC rules for TRs required by October 5, 2016 (extended from June 30, 2016).		

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

Appendix C: Implementation timetable: central clearing of standardised transactions

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR	3	3	3	3	3	3	3	3
AU								
BR				Brazil is working on the third assessment on mandatory central clearing. Previous analysis showed that these transactions did not pose material risk to the financial system and that there was no need for mandatory clearing of OTC derivatives transactions at the time.				
CA	3	3	3	3	3	3		
CN								
EU	On 6 August 2015, the European Commission adopted a delegated regulation that makes it mandatory for certain OTC interest rate derivative contracts (IRS) to be cleared through central counterparties.		On 1 March 2016, the European Commission adopted a delegated regulation that makes it mandatory for certain OTC credit default derivative contracts (CDS) to be cleared through CCPs.	On 10 June 2016, the European Commission adopted a delegated regulation that makes it mandatory for additional classes of IRS to be cleared through CCPs. Entry into force of the clearing obligation for IRS according to a phase-in starting June 21.			Entry into force of the clearing obligation for certain CDS. Expected entry into force of the clearing obligation for additional classes of IRS.	

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
HK	2 A consultation paper was issued in September 2015 to introduce mandatory clearing obligation in phases for different types of market participants, starting with dealer-to-dealer transactions (phase 1 clearing). In the same paper, the clearing determination process, proposed criteria to be used, and types of products to be mandated for clearing based on the proposed clearing determination were also consulted.	2 Consultation period for introducing mandatory clearing ended.	3 The consultation conclusions for introducing mandatory clearing were issued in February 2016. The clearing determination process and criteria were adopted. Related subsidiary legislation was enacted in February 2016 by the Legislative Council.	3	Mandatory clearing obligation will be effective from 1 September 2016.			Plan to monitor the result of our mandatory clearing obligation and international development with respect to availability of client clearing service providers in order to assess whether it is appropriate to expand mandatory clearing to cover other participants.
IN	3 CCP clearing introduced for INR-denominated IRS trades.	3	3	3	3	3	3	3
ID	3 All derivative products related to capital market (in particularly equity derivatives) are required to be traded on exchange and centrally cleared.	3	3	3	3	3	3	3
JP		JFSA expanded the scope of entities subject to central clearing obligation to FIBOs and Registered financial Institutes with the outstanding transaction volume of no less than JPY 300 billion from 1 December 2015.				JFSA will expand the scope of entities subject to central clearing obligation to insurers, and that of products to transactions under trust accounts.		
KR	3 Clearing of KRW-denominated IRS through the KRX CCP in effect since June 2014	3	3	3 Review to be conducted on whether the other OTC derivatives are to be cleared through the CCP.	3			

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
MX	1 Standards criteria were published for consultation with major stake holders.	1 Standards criteria for determining mandatory central clearing products published for consultation with major stakeholders.	1 Standards criteria for determining mandatory central clearing products published in March 2016.	Mandatory central clearing for banks and brokerage firms' transactions in certain MXN-denominated IRS between them and with local institutional investors in force since April 1, 2016.		Mandatory central clearing for banks and brokerage firms' transactions in certain MXN-denominated IRS with foreign financial institutions and institutional investors to come into force as of November 16, 2016.		
RU	2 Not mandatory	2 Not mandatory	2 Not mandatory	2 Not mandatory	2 Not mandatory	2 Not mandatory	3 Mandatory central clearing for interest rate swaps and overnight index swaps.	3 The range of market participants which are subject of mandatory OTC central clearing will be widened.
SA	1	1	1	1	1	1	1	1
SG								
ZA	1 Ongoing Market assessment to determine whether further obligations are required	1 Ongoing Market assessment to determine whether further obligations are required	1 Ongoing Market assessment to determine whether further obligations are required	2 Ongoing Market assessment to determine whether further obligations are required	2 Ongoing Market assessment to determine whether further obligations are required	2 Ongoing Market assessment to determine whether further obligations are required	3 Ongoing Market assessment to determine whether further obligations are required	Review of incentives based approach and market assessment to determine whether further obligations are required
CH	1 New legislation has been finalised by Parliament (June 2015), but not yet enacted.	1 New legislation has been finalised by Parliament (June 2015), but not yet enacted.	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).	Legislation entered into force. Clearing obligations phase-in (following new determination of clearing obligation for specific derivatives).

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
TR	1 Takasbank act as a CCP in Istanbul Stock Exchange Futures and Options Market and Takasbank's Stock Borrowing and Lending Market.	1	1 The work in progress for which OTC product to require central clearing	1 The work in progress for which OTC product to require central clearing. Policy Statement regarding CPMI-IOSCO PFMIs by CMB has been disclosed.	1 The work in progress for which OTC product to require central clearing	1 The work in progress for which OTC product to require central clearing	2 The work in progress for which OTC product to require central clearing	3 Central clearing requirements with respect to at least some transactions are expected to be published for public consultation or proposal.
US				In June 2016 the CFTC proposed regulations to require certain additional interest rate swaps to be centrally cleared, making the CFTC's clearing requirements consistent with those proposed or finalised in 2015 and 2016 by Australia, Canada, the EU, Hong Kong, Mexico, and Singapore.				

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

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

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

	Q3 2015	**Q4 2015**	**Q1 2016**	**Q2 2016**	***Q3 2016***	***Q4 2016***	***H1 2017***	***H2 2017***
AR								
AU	APRA implemented the Basel III counterparty credit risk framework and interim standard for bank exposures to central counterparties with effect from January 2013.				APRA expects to consult on its proposed implementation of the standardised approach for measuring counterparty credit risk exposures and the capital requirements for bank exposures to central counterparties in Q3 2016.			
BR								
CA								
CN	1	1	1	1	1	1	1	1
EU	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 had to be implemented by all EU member states by 31 December 2013.							
HK	In respect of banks, consultation papers on proposals for implementation of the Basel standards on the standardised approach for measuring counterparty credit risk exposures and the capital requirements for bank exposures to central counterparties were issued in March 2014 and April 2014 respectively. In respect of SFC-licensed corporations, a consultation paper was issued on conceptual framework and to develop legislative changes.	In respect of banks, proposals were refined in light of industry comments.	In respect of banks, consultation on proposed legislative changes commenced.		In respect of banks, please see at left.	In respect of banks, plan to submit legislative changes to the Legislative Council for negative vetting.	In respect of banks, subject to negative vetting result, legislative changes are expected to take effect on 1 January 2017. In respect of SFC-licensed corporations, plan to consult on proposed legislative changes to local rules for implementation.	In respect of SFC-licensed corporations, plan to submit legislative changes to the Legislative Council for negative vetting.
IN	Guidelines already in place for banks.							
ID	1	1	1	1	1	1		
JP								

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
KR	3 Relevant regulations in effect since September 2014.	3	3	3	3	3	3	3
MX	3 Standards for counterparty credit risk and exposures to CCPs were issued in December 2014 and came into force in October 2015.						Basel revised capital requirements will become effective as of January 1, 2017. Mexican authorities are evaluating the timeframe of their incorporation, in light of the recent local amendments in this area.	
RU	Higher capital requirements are applicable for all non-centrally cleared trades.							
SA								
SG								
ZA	Fully compliant: banks have to meet capital requirements in terms of Basel III requirements.							
CH	Capital requirements do not depend on the new financial market infrastructure legislation. Basel III standards for banks are already fully implemented in Switzerland.							
TR	1							
US	3	3	3 FCA: On March 10, 2016, the FCA adopted new capital requirements for Farm Credit System banks and associations, which will become effective on January 1, 2017.	3	3	3	3	3

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

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

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
AR	1	1	1	1	1	1	1	1
AU	1	1	1 APRA released draft standards for margin requirements for non-centrally cleared derivatives for public consultation in February 2016.	2 The required legislative reforms passed in Q2 2016.	3 Expected release of APRA's final margin requirements.	3	Expected commencement of margin requirements.	
BR	1	1	1	1 New standards for margin requirements are being developed. The current studies mainly refer to the scope of application of the regulation both in terms of entities and types of derivatives.	1 Finalise draft proposals of the standards for internal discussions, followed by public consultations. Phase-in of new standards. (The expected implementation date may be altered depending on the outcomes of studies that are being carried out.)	2 Phase-in of new standard. (The expected implementation date may be altered depending on the outcomes of studies that are being carried out.)	3	
CA	2	3	Prudential Regulator: OSFI Guideline E-22 Margin Requirements for Non-Centrally Cleared Derivatives finalised February 2016.		Prudential Regulator: Phase in of the margin requirements for NCCDs begins September 1, 2016. Provincial margin proposal published for consultation.	Provincial securities regulators' rule-making process expected to begin.		
CN								

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
EU	2	2	2 On 8 March, the ESAs submitted final proposals for margin requirements to the EC for adoption.	2 Proposals under Review by Commission –adoption expected by end 2016.	2 As left	3 Expected adoption of the margin requirements by the European Commission.	Expected entry into force of first wave of IM and VM requirements.	
HK	1	2 Industry consultation paper and draft supervisory guidelines on margin requirements (MRs) and risk mitigation standards (RMS) for non-centrally cleared derivatives (NCCDs) for banks were issued in December 2015.	2	2	2	3 To issue final supervisory guidelines on MRs and RMS for banks. In respect of SFC-licensed corporations, plan to issue for public consultation proposed margin requirements for NCCDs of SFC-licensed corporations in Q4 2016/H1 2017.		For SFC-licensed corporations, plan to finalise requirements in H2 2017.
IN	1	1	1	2 Discussion Paper on margin requirements for non-centrally cleared derivatives was issued on May 2, 2016.	3 RBI will finalise requirements to be implemented in a phased manner from September, 2016.	3	3	
ID	1	1	1	1	1	1	1	1

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
JP	2	2 JFSA proposed the second public consultation of the domestic implementation for margin requirements on 11 December 2015 based on the international principles finalised by the BCBS-IOSCO.	3 Margin requirement for non-cleared OTC derivatives (excluding commodity-related derivatives) for non-centrally cleared derivatives has been adopted.	3 METI/MAFF proposed the public consultation of the domestic implementation for margin requirements for non-cleared OTC commodity-related derivatives on 9 June 2016 based on the international principles finalised by BCBS-IOSCO.	Margin requirement for non-cleared OTC derivatives will take effect from 1 September 2016 (for commodities, it is also planned to take effect from the same date). Implementation of VM and IM requirements for NCCDs to be consistent with the BCBS-IOSCO revised implementation timetable issued in March 2015.			
KR	1 Legislative authority in place.	1	1 Exchange of IM & VM using the ISDA agreement and CSA Form for OTCD transaction is already in effect.	1 Review to be conducted on foreign supervisors' experiences with margin requirement.	1 Draft proposal for consultation paper (if needed)	2 Preparation for IM and VM exchange by foreign financial companies (including subsidiaries)	2 Implementation of VM	2 Preparing for IM implementing
MX	1	1	1	1	1	2 A proposal for incorporating margin requirements is expected to be distributed for consultation among main stakeholders.	3 Final rules expected to be published. Adoption would follow a phase-in period.	
RU	2 Not applicable.	2 Public consultations with market participants have started.	2 Public consultations with market participants have started.	2 Public consultations with market participants have started.	2 Public consultations with market participants have started.	2 Public consultations with market participants have started.	3 Margin requirements for CCP and non-CCP trades will be formalised.	3 Margin requirements for CCP and non-CCP trades will be formalised.
SA	1	1	1	1	1	1	1	1

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
SG	2	2 Public consultation paper on the proposed policies for margin requirements for non-centrally cleared derivatives (NCCDs) was issued in October 2015.	2	2	2	3 Expected release of final guidelines on margin requirements for NCCDs.		
ZA	2 The Draft OTC Regulations includes a Registrar's Board Notice that addresses Margin Requirements for Non-Centrally Cleared OTC Derivative transaction which was published for public comment.	2 As left	2 As left	2 As left	2 The Draft OTC Regulations and Registrar's Board Notice which have been published for public comment, are aimed at addressing Margin Requirements for NCCDs.	2 The Draft OTC Regulations and Registrar's Board Notice which have been published for public comment, are aimed at addressing Margin Requirements for NCCDs.	Legislative framework is in force Standards and requirements are in force for all transactions.	Legislative framework is in force. Standards and requirements are in force for all transactions.
CH	1 New legislation has been finalised by Parliament (June 2015), but not yet enacted.	1 New legislation has been finalised by Parliament (June 2015), but not yet enacted.	Legislation entered into force. Phase-in periods apply (in line with WGMR phase in periods).	Legislation entered into force. Phase-in periods apply (in line with WGMR phase in periods).	3 Margin requirements phase-in extended.[(a)]	3	Margin requirements phase-in.	Margin requirements phase-in.
TR	1 The work in progress for which OTC product to require margin requirements for intermediary institutions (brokerage houses)	1 As left	1 As left	1 As left	1 As left	1 As left	2 As left	2 Margin requirements with respect to at least some transactions are expected to be published for public consultation or proposal.
US	2	3	3	CFTC and Prudential Regulators: Final rules on margin come into effect on April 1, 2016.	CFTC and Prudential Regulators: Phase in of the margin requirements for non-cleared derivatives begins September 1, 2016.			

(a) See note (a) to Table A.

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

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

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

	Q3 2015	**Q4 2015**	**Q1 2016**	**Q2 2016**	***Q3 2016***	***Q4 2016***	***H1 2017***	***H2 2017***
AR	3	3	3	3	3	3	3	3
AU	1	3 The Australian financial regulators published a report which outlined (i) the criteria that will be used by the regulators to determine if products are appropriate for mandatory platform trading and (ii) the characteristics of trading platforms that would be able to be used to meet the criteria.	3					
BR	1	1	1	1	1	1	2 Finalise draft proposals of the standards for internal discussions, followed by public consultations.	3 Phase-in of new standards. (The expected implementation date may be altered depending on the outcomes of studies that are being carried out.)
CA	2	2	2	2	2	2	2	2
CN	3	3	3	3	3	3	3	3

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
EU	The adoption of the clearing obligation triggers the obligation for ESMA to analyse whether the said class of derivatives should be subject to mandatory trading.					Expected submission by ESMA of a potential clearing obligation on the IRS classes submitted to the clearing obligation to the EC	Expected adoption by the EC of a trading obligation of first IRS classes as submitted by ESMA	Other classes (CDS, additional classes of IRS) to potentially follow.
HK	1 The amended Securities and Futures Ordinance gives regulators power to prescribe rules to impose mandatory trading obligation.	1	1	1	1 Plan to start in Q3 2016 our further study on the liquidity level and number of trading venues available in Hong Kong, in order to assess how best to implement mandatory trading in Hong Kong.	1	1	1 Plan to reach a conclusion in H2 2017 on how best to implement mandatory trading in Hong Kong and where appropriate, conduct public consultation to introduce the requirement.
IN	1 Anonymous Electronic Trading Platform introduced for INR-denominated IRS contracts.	1	1	1 In order to broaden participation in OTC derivatives and to provide a safe trading environment, it has been announced to put in place a policy framework for authorisation of electronic platforms with linkage to an approved central counterparty for settlement.	1	1	1	1

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
ID	3 All derivative products related to capital market (in particularly equity derivatives) are required to be traded on exchange and centrally cleared.	3	3	3	3	3	3	3
JP	Mandatory use of the ETP for the subset of yen-denominated IRS took effect from 1 September 2015.							
KR				Adoption to be considered after assessing the size and the degree of OTCD standardisation.				
MX	1 Standards criteria were published for consultation with major stakeholders.	1 Standards criteria for determining products subject to mandatory trading in exchanges or trading platforms published for consultation with major stakeholders.	1 Standards criteria for determining trading requirements published in March 2016.	Mandatory trading requirements for banks and brokerage firms' transactions between them and with local institutional investors in force since 1 April 2016.		Mandatory trading requirements for banks and brokerage firms' transactions with foreign financial institutions and institutional investors to come into force as of 16 November 2016.		
RU	Not applicable.	1 Public consultations with market participants have started.	1 Public consultations with market participants.	1 Public consultations with market participants.	1 Public consultations with market participants.	1 Public consultations with market participants.	1 Public consultations with market participants.	1 Public consultations with market participants.
SA	1	1	1	1	1	1	1	1
SG	1	1	1	1	1	1		

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

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	*Q3 2016*	*Q4 2016*	*H1 2017*	*H2 2017*
ZA	1 Legislative framework is in place, but no determination to adopt and enforce trading on platforms.	1 Legislative framework is in place, but no determination to adopt and enforce trading on platforms.	1 Legislative framework is in place, but no determination to adopt and enforce trading on platforms.	1 Legislative framework is in place, but no determination to adopt and enforce trading on platforms.	1 Legislative framework is in place, but no determination to adopt and enforce trading on platforms.	1 Legislative framework is in place, but no determination to adopt and enforce trading on platforms.	2 It is envisioned that the decision will be made whether to require derivatives trades to move to trading platforms.	Ongoing market assessment to determine whether further obligations are required
CH	1 New legislation has been finalised by Parliament (June 2015), but not yet enacted.	1 New legislation has been finalised by Parliament (June 2015), but not yet enacted.	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).	Legislation entered into force. Platform trading obligations phase-in (following new determination of derivatives subject to platform trading).
TR	1 The Capital Market Law, published on 30 December 2012, provides legislative framework for platform trading. Secondary regulations are planned to be enacted following the finalisation of the first tranche of regulation on TR and central clearing.	1	1 The work in progress for which OTC product to require exchange/platform trading	1 The work in progress for which OTC product to require exchange/platform trading	1 The work in progress for which OTC product to require exchange/platform trading	1 The work in progress for which OTC product to require exchange/platform trading	1 The work in progress for which OTC product to require exchange/platform trading	2 The work in progress for which OTC product to require exchange/platform trading
US								

For jurisdiction codes see Table A on page 3; for table legend see page 4.

Source: FSB member jurisdictions.

Appendix G: Availability of TRs in FSB Member Jurisdictions

Table Q

Trade repositories in operation in FSB member jurisdictions

TRs and TR-like entities authorised and operating as at end-June 2016

TR name	Location	Jurisdictions in which TR is authorised to operate	CO	CR	EQ	FX	IR
TRs							
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	■	■	■	■	■
HKMA-TR	Hong Kong	{AU}, HK	■	■	■	■	■
ICE Trade Vault	US	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	■	■	■	■	■
Sub-total			**16**	**18**	**16**	**19**	**20**
TR-like entities[(a)]							
Argentina Clearing	Argentina	AR	■			■	
Banco de México	Mexico	MX	■		■	■	■
Bank of Korea	Korea	KR	■	■	■	■	■
Bank Indonesia	Indonesia	ID				■	■
CFETS	China	CN				■	■
China Securities Internet System	China	CN	■		■		
Financial Supervisory Service	Korea	KR	■	■	■	■	■
Mercado de Valores de Buenos Aires	Argentina	AR		■	■		
Mercado Abierto Electrónico	Argentina	AR	■	■	■	■	■
Mercado Argentino de Valores	Argentina	AR		■	■		
Mercado a Término de Buenos Aires	Argentina	AR	■				
Mercado a Término de Rosario	Argentina	AR	■			■	
SIOGRANOS	Argentina	AR	■				
Sub-total			**9**	**5**	**7**	**9**	**6**
Total: TRs and TR-like entities			**25**	**23**	**23**	**27**	**26**

( ) indicates application pending/under consideration in indicated jurisdiction; { } indicates prescription in place for these TRs in Australia.

(a) In Turkey, previously Takasbank was listed as a TR-like entity, since it collected information on leveraged FX transactions. Under trade reporting requirements being developed in Turkey, such transactions will be exempted from OTC derivatives reporting requirements, and therefore Takasbank is no longer listed as a TR-like entity for the purposes of OTC derivatives trade reporting. Separately, the Central Registry Agency (MKK) was authorised in April 2015, and will offer trade reporting services in all asset classes, but is not yet active.

CO = commodity, CR = credit, EQ = equity, FX = foreign exchange, IR = interest rate. For jurisdiction codes see Table A on page 3.

Sources: FSB member jurisdictions; various TRs.

Appendix H: Availability of CCPs clearing OTC derivatives in FSB member jurisdictions

Table R

OTC derivatives CCPs authorised and operating in FSB member jurisdictions

CCP name	Location	Jurisdictions in which CCP is authorised to operate[(a)]	CO	CR	EQ	FX	IR
Asigna	Mexico	EU*, (MX)					■
ASX Clear	Australia	AU, EU			■		
ASX Clear (Futures)	Australia	AU, EU, US					■
BME Clearing	Spain	EU					■
BM&F BOVESPA	Brazil	BR, (EU)	■	■	■	■	■
CCIL	India	(EU), IN, (US)				■	■
CDCC	Canada	CA, EU*			■		
CME Clearing Europe	UK	{AU}*, CA, EU, (US)	■				■
CME Group Inc.	US	AU, CA, (EU), MX*, SG*, US	■	■			■
Eurex Clearing	Germany	{AU}*, EU, CH, US*					■
ECC	Germany	EU	■				
OTC Clearing Hong Kong Limited	Hong Kong	{AU}*, EU, HK, US*				■	■
ICE Clear Credit LLC.	US	CA, (EU), US		■			
ICE Clear Europe Ltd.	UK	(EU), US		■		■	
ICE Clear Netherlands	The Netherlands	EU			■		
JSCC	Japan	{AU}*, 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, SG*, CH, US	■		■	■	■
LCH.Clearnet SA	France	EU, US		■			
LME Clear Ltd	UK	EU	■				
Nasdaq OMX Stockholm	Sweden	{AU}*, EU	■		■		■
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	■			■	■
Total currently in operation			**12**	**7**	**8**	**8**	**18**

( ) indicates application/exemption request is pending/under consideration in indicated jurisdiction; { } indicates prescription in place for these CCPs in Australia; these CCPs are only authorised to be used to satisfy Australian mandatory central clearing obligations in certain circumstances.

(a) As at end-June 2016. In some cases authorisation in a particular jurisdiction is only for a subset of products, and/or for only direct participation or only client clearing.

* Indicates change in authorisation status since September 2015.

CO = commodity, CR = credit, EQ = equity, FX = foreign exchange, IR = interest rate. For jurisdiction codes see Table A on page 3.

Sources: FSB member jurisdictions; various CCPs.

Table S

Cross-border availability of CCPs by asset class

As at end-June 2016

Asset class	Number of CCPs concurrently available in indicated number of jurisdictions						
	1 jurisdiction	2 jurisdictions	3 jurisdictions	4 jurisdictions	5 jurisdictions	6 jurisdictions	7 jurisdictions
Commodity	6	1	3	1	1	--	--
Credit	1	4	1	1	--	--	--
Equity	3	3	2	--	--	--	--
FX	3	3	1	--	1	--	--
Interest rate	5	3	7	1	--	1	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 7 jurisdictions in a given asset class.

Source: FSB member jurisdictions.

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

FSB member jurisdictions, as at end-June 2016

Juris-diction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
AR		
AU	***In force:*** • OTC derivatives dealers/market-makers	***Permanent exemptions:*** • Intra-group transactions • Portfolio compression trades
BR	***Planned/proposed:*** • All participant types	
CA	***In force:*** • Federally Regulated Financial Institutions (FRFIs) (i.e. banks, trust and loan companies, insurance companies) ***Planned/proposed:*** • A clearing member of a clearing agency that is recognised or exempted in the local jurisdiction and subscribes for OTC derivatives services • An affiliate of such clearing member • A local counterparty whose gross notional amount of outstanding derivatives is above CAD500 billion with its Canadian affiliates	***Permanent exemptions:*** • Intra-group/inter-affiliate transactions ***Proposed permanent exemption:*** • Transactions resulting from a portfolio compression exercise ***Out of scope:*** • A domestic government/central bank • The Bank for International Settlements (BIS) and International Monetary Fund • A Crown corporation or an entity guaranteed by the government for all or substantially all its liabilities.
CN	***In force:*** • Financial institutions	***Out of scope:*** • Non-Financial Corporates • Domestic government/central bank • Foreign government/central bank/international bodies
EU	***Scope: Financial counterparties, non-financial counterparties above certain thresholds.*** ***In force*** • Clearing obligation on IRS on 4 currencies: Clearing members of at least one of the classes of OTC derivatives IRS subject to the clearing obligation ***In place but not yet in force:*** • Clearing obligation on IRS on 4 currencies: Financial counterparties, and non-financial counterparties above the clearing threshold • Clearing obligation on CDS: Clearing members of at least one of the classes of OTC derivatives CDS subject to the clearing obligation, financial counterparties, and non-financial counterparties above the clearing threshold ***Planned/proposed:*** • Clearing obligation on IRS on EU currencies: Clearing members of at least one of the classes of OTC derivatives IRS subject to the first clearing obligation, financial counterparties, and non-financial counterparties above the clearing threshold.	***Temporary exemption:*** • Pension scheme arrangements ***Permanent exemptions:*** • Non-financial counterparties below the clearing threshold • intragroup transactions • European central banks • the BIS • foreign central banks added to the list in EMIR (currently US and Japan) • government debt management offices

Juris-diction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
HK	***In place but not yet in force:*** • OTC derivatives dealers/market-makers	***Permanent exemptions:*** • Intra-group or inter-affiliate counterparties ***No requirements:*** • Domestic government/central bank • Foreign government/central bank/international bodies
IN	***In force:*** • OTC derivatives dealers/market makers/swap dealers	
ID	***In force:*** Derivative products related to capital market are required to be traded on exchange and consistently, cleared through CCP. The clearing requirement applies to all member of the exchange.	
JP	***Scope: Financial counterparties*** ***In force:*** • OTC derivatives dealers /market makers /swap dealers • Non-dealer banks	***Permanent exemptions:*** • Transactions in which either counterparty is not a covered entity • Intra-group/inter-affiliate transactions ***No requirements are currently expected:*** • Transactions through trust accounts ***Out of scope:*** • Non-financial corporates, government , central banks
KR	***In force:*** • OTC derivatives dealers, market makers, swap dealers • Non-dealer banks • Insurance companies • Other asset managers	***No requirements:*** • Non-financial corporates, government, central banks, intra-group or inter-affiliate counterparties
MX	***In force:*** • Banks and brokerage firms	***Permanent exemptions:*** • Intra-group or inter-affiliate counterparties (subject to certain requirements) • "Small" participants (subject to trade below the minimum threshold) ***No requirements:*** • Domestic government, foreign government, central banks and international bodies
RU		
SA		
SG	***In place but not yet in force:*** • Financial institutions	***No requirements currently expected:*** • Public bodies including all central banks, central governments and supra-national organisations such as BIS, IMF and the World Bank • financial institutions whose aggregate gross notional amount of total derivatives contracts booked in Singapore does not exceed the clearing threshold amount
ZA		

Juris-diction	Requirements in force, in place but not yet in force, or planned/proposed	Temporary/permanent exemptions or where no requirements are currently expected/out of scope of requirements
CH	***Planned/proposed:*** • All financial and non-financial counterparties	***No requirements currently expected:*** • Government (confederation, cantons, municipalities), central bank and BIS • Small counterparties (threshold based) • Certain intragroup transactions (if requirements fulfilled) • Foreign central banks • ECB, EFSF, ESM, foreign governmental agencies engaged in public debt management
TR		
US	*CFTC:* ***In force:*** • **Scope:** General applicability. • **Products:** • IRS – Fixed-floating and basis swaps, FRAs and OIS denominated in EUR, GBP, JPY and USD • CDS – Selected North America (CDX) and Europe (iTraxx) indices ***Proposed:*** • **Scope:** General applicability. • **Products:** • IRS – Expanding existing requirements to include classes denominated in Australian dollar (AUD), Canadian dollar (CAD), Hong Kong dollar (HKD), Mexican peso (MXN), Norwegian krone (NOK), Polish zloty (PLN), Singapore dollar (SGD), Swedish krona (SEK), and Swiss franc (CHF)	*CFTC:* ***Exemptions/Exceptions:*** • Qualifying non-financial entities • Qualifying insured small banks, savings associations, farm credit system institutions, credit unions • Qualifying captive finance companies • Qualifying cooperatives • Qualifying affiliated counterparties • Qualifying treasury affiliates ***No-Action Relief:*** • Qualifying small bank holding companies or small savings and loan holding companies • Qualifying community development financial institutions • Qualifying new swaps resulting from multilateral compression exercise if original swap executed prior to applicable 2013 compliance date • Qualifying partial novation or termination • Corporación Andina de Fomento (CAF) (international financial institution) ***Out of scope:*** • Foreign governments, foreign central banks (including BIS), and international financial institutions (*e.g.*, the World Bank)

Source: FSB member jurisdictions.

Appendix J: Availability of exchanges and trading platforms for execution of OTC derivatives transactions in FSB member jurisdictions[57]

Australia
Bloomberg Tradebook – CO, CR, EQ, FX, IR
BGC Brokers – CR, IR, FX
BrokerTech – FX
Creditex – Credit
Currenex – CO, FX
EBS – CO, FX
EquiLend – Equity
FX Alliance – CO, FX
GFI Brokers – FX, Credit
GFI Swaps Exchange LLC – CO, CR, FX
GFI Group Pte Ltd – IR
ICAP Brokers – CR, IR
ICAP Europe – FX
ICAP Securities – CR, IR
iSwap AUD NZD – IR
Integral – FX
Mercari Pty Ltd – CO, FX, IR
Reuters Transaction Services – CO, FX, IR
State Street – FX
TFS – FX
TradeWeb – CR, EQ, IR
Tullet Prebon (Singapore) – FX, CO
Tullet Prebon (Australia) – CR, IR
Yieldbroker Pty Ltd – IR
360 Treasury Systems – FX, IR
Tri-Optima AB Sweden – CR, IR
Integral Development Corp – FX

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

China
China Foreign Exchange Trade System – IR, FX, CR

India
CCIL – FX, IR

Italy
CME
NYMEX
COMEX

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

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

Russia
MICEX
RTS

Switzerland
Eurex Zürich AG

UK
BGC Brokers LP – IR, FX, CR
Baltex Freight Derivatives Market – CO
Bloomberg Trading Facility Limited – IR, CR
GFI CreditMatch – CR
GFI ForexMatch – FX
GFI EnergyMatch – CO
GFI RatesMatch – IR
ICAP Global Derivatives Limited – IR
ICAP Europe MTF – IR
ICAP Energy MTF – CO
ICAP Securities – CR
ISWAP Euro Limited – IR
MarketAxess Europe Limited – IR
Reuters Transaction Services Limited – FX
SpectronLive Trayport – CO
TPEnergy - Tullett Prebon (Europe) Limited – CO
TPTradeBlade - Tullett Prebon (Europe) Limited – FX
Tradition Energy – CO

[57] Source: FSB member jurisdictions.

VolBroker – FX
TPCreditDeal - Tullett Prebon (Securities) Limited – CR
TPForwardDeal - Tullett Prebon (Europe) Limited – FX
TPSwapDeal - Tullett Prebon (Europe) Limited – IR
Trad-X – IR
Tradeweb/The Tradeweb System – IR
TPEnergyTrade - Tullett Prebon (Europe) Limited – CO

US - CFTC
Bloomberg SEF LLC
DW SEF LLC
TW SEF LLC
trueEx LLC
MarketAxess SEF Corporation
GFI Swaps Exchange LLC
SwapEx LLC
Javelin SEF, LLC
ICE Swap Trade LLC
tpSEF Inc.
360 Trading Networks, Inc.
ICAP SEF (US) LLC
BGC Derivatives Markets, L.P.
Thomson Reuters (SEF) LLC
Tradition SEF, Inc.
Chicago Mercantile Exchange, Inc.
LatAm SEF, LLC
ICAP Global Derivatives Limited
FTSEF LLC
GTX SEF LLC
TeraExchange LLC
Clear Markets North America, Inc.

The CFTC has also granted time-limited conditional relief to Yieldbroker Pty Limited until September 15, 2016.[58]

[58] CFTC No-Action Letter No. 16-52 (May 12, 2016) available at http://www.cftc.gov/idc/groups/public/@lrlettergeneral/documents/letter/16-52.pdf.

Appendix K: OTC derivatives-related regulatory deference frameworks in FSB member jurisdictions

Table T

Broad legal capacity to apply deference within OTC derivatives regulatory framework

Selected regulatory requirements, FSB member jurisdictions, as at end-June 2016

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

■ indicates legal capacity to apply deference was in force at end-June 2016

+ indicates change since June 2015

# indicates reforms in progress to establish legal capacity to apply deference.

For jurisdiction codes see Table A on page 3.

Source: FSB member jurisdictions.

Appendix L: International regulatory workstreams

ONGOING WORK[59]

Issue	Action	Responsible	Status
Standardisation (benchmarking)	On-going submission of agreed improved standardisation matrices: - matrices for all asset classes to include provision of absolute numbers of contracts; - matrices for all asset classes to be submitted semi-annually.	OTC Derivatives Supervisors Group (ODSG)	Next sets of populated standardisation matrices for 4 asset classes due 30 September 2016; work ongoing.
Data Harmonisation	Further develop and implement a uniform global UTI and UPI; and Develop global guidance on harmonisation of data elements other than the UTI and UPI that are reported to TRs and are important to aggregation by authorities.	CPMI and IOSCO	UTI consultative report published in August 2015; UTI guidance is planned to be finalised by end-2016. UPI first consultative report published in December 2015; a second consultative report on the UPI was published in August 2016; UPI guidance is planned to be finalised by end-2016. September 2015 consultative report on harmonisation of a first batch of data elements other than UTI and UPI; further consultative reports on a second and third batch of data elements other than UTI and UPI will be published in the future; final guidance on other data elements is planned to be finalised end-2017.
Market Wide Recommendation (MWR) review	Recommendations targeted at payment, securities or derivatives market participants more widely than an individual FMI	CPMI and IOSCO	Phased approach according to priority, work starting in H2 2016.
CCP resilience and recovery	Evaluate the existing standards on CCP financial resilience and recovery and consider the need for, and develop as appropriate, further granularity or guidance.	CPMI and IOSCO	Ongoing work: Consultative guidance published in August 2016
CCP resolution	Consider the need for, and develop as appropriate, standards or guidance for CCP resolution planning, resolution strategies and resolution tools, including resolution financing as well as cross-border cooperation, coordination and recognition of resolution actions.	FSB (Resolution Steering Group)	Ongoing work: High-level discussion note on CCP resolution published for consultation in August 2016

[59] See elsewhere in this report, particularly Sections 2.5.4 and 3.6.3, for more details of some of these workstreams

ONGOING WORK[59]

Issue	Action	Responsible	Status
Margin requirements for non-centrally-cleared derivatives	Exchange of initial and variation margin.by financial firms and systemically important non-financial entities that engage in NCCDs	IOSCO and BCBS	September 2013 report updated in March 2015 with new implementation schedule.[60] BCBS and IOSCO continue to monitor the consistent implementation of margin requirements for NCCDs, and are liaising with industry as they develop initial margin models to comply with the WGMR framework.
Uses of TR data	ODRF created a technical working group to work on how TR data is used. This includes any issues in using current data for analysis.	ODRF	No timetable set; work ongoing.
Monitoring of implementation of the PFMI	Ongoing programme to monitor implementation of the PFMI[61] including a series of 'Level 2' peer reviews to assess whether the content of the legal and regulatory framework in individual jurisdictions is consistent with the PFMI.	CPMI and IOSCO	Ongoing
Trade Reporting	Follow-up to the thematic peer review report published on trade reporting	FSB	FSB published a report in August 2016 on actions reported by jurisdictions to address barriers to reporting to TRs, and access by authorities to TR-held data.[62] The FSB will publish a follow-up report by July 2017.

WORK COMPLETED SINCE OCTOBER 2010

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.[63]	ODSG	Strategic Roadmap published March 2011

60 http://www.iosco.org/news/pdf/IOSCONEWS373.pdf.

61 http://www.bis.org/publ/cpss101a.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf.

62 www.fsb.org/2016/08/report-on-fsb-members-plans-to-address-legal-barriers-to-reporting-and-accessing-otc-derivatives-transaction-data/

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

WORK COMPLETED SINCE OCTOBER 2010

Issue	Action	Responsible	Date finalised
REPORTING TO TRADE REPOSITORIES			
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.[64]	CPSS and IOSCO	Published in January 2012.
Principles for TRs	Principles for Financial Market Infrastructures,[65] including TRs, consisting of principles for FMIs and Responsibilities for authorities. Principles for Financial Market Infrastructures: Disclosure Framework and Assessment Methodology.[66]	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.[67]	FSB	Report published in June 2012.
Access to TR data	Report on access by authorities to data reported to TRs.[68]	CPSS and IOSCO	Report published in August 2013.
Legal Entity Identifier	Global LEI system launched on self-standing basis.[69]	FSB	LEI Regulatory Oversight Committee established in January 2013; Global LEI Foundation established in June 2014.
TR data aggregation	G20 mandated feasibility study on approaches to aggregate OTC derivatives data.	FSB	Report published in September 2014.
Post-trade transparency requirements in the CDS market	To seek to analyse the potential impact of post-trade transparency requirements on the CDS market.	IOSCO	Report published in August 2015.
Trade Reporting	Thematic peer review report published on trade reporting, including discussion of barriers to reporting to TRs, and access by authorities to TR-held data	FSB	Report published in November 2015.[70]
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.[71]	CGFS	Published in November 2011.

64 http://www.bis.org/publ/cpss100.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD366.pdf.
65 http://www.bis.org/publ/cpss101a.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf.
66 http://www.bis.org/publ/cpss106.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD396.pdf.
67 http://www.leiroc.org/publications/gls/roc_20120608.pdf.
68 http://www.bis.org/publ/cpss110.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD417.pdf.
69 'Progress note on LEI initiative'; available at: http://www.financialstabilityboard.org/publications/r_130308.pdf.
70 See also corresponding item in "Ongoing work" section of this Appendix above.
71 http://www.bis.org/publ/cgfs46.pdf.

WORK COMPLETED SINCE OCTOBER 2010

Issue	Action	Responsible	Date finalised
Requirements for mandatory clearing	Report on Requirements for Mandatory Clearing setting out recommendations for the establishment of mandatory clearing regimes including: - determination of whether a product should be subject to mandatory clearing; - potential exemptions; - cross-border issues.[72]	IOSCO	Published in February 2012.
Principles for FMIs (including CCPs)	PFMIs,[73] 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.[74]	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.[75]	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.[76] Final guidance published in October 2014.[77]
Risk mitigation standards	Develop standards for risk mitigation techniques for NCCDs.	IOSCO (in consultation with BCBS and CPMI)	Final standards published in January 2015.[78]
Quantitative disclosure requirements for CCPs	The quantitative data that a CCP is expected to publish regularly to meet the PFMI principle on transparency.	CPMI and IOSCO	Published in February 2015.[79]
Recovery of financial market infrastructures	Provide guidance on how FMIs can observe the requirement in the PFMI that they have effective recovery plans.	CPMI and IOSCO	Consultative report published in August 2013.[80] Final guidance published in October 2014.[81]

72 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD374.pdf.
73 http://www.bis.org/publ/cpss101a.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf.
74 http://www.bis.org/publ/cpss106.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD396.pdf.
75 http://www.bis.org/publ/bcbs241.pdf.
76 http://www.financialstabilityboard.org/publications/r_130812a.pdf.
77 http://www.financialstabilityboard.org/publications/r_141015.pdf.
78 http://www.iosco.org/library/pubdocs/pdf/IOSCOPD469.pdf.
79 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD475.pdf.
80 http://www.bis.org/publ/cpss109.pdf.
81 http://www.iosco.org/library/pubdocs/pdf/IOSCOPD455.pdf.

WORK COMPLETED SINCE OCTOBER 2010

Issue	Action	Responsible	Date finalised
EXCHANGE AND PLATFORM TRADING			
Trading of OTC derivatives	Report on trading of OTC derivatives, including: - the characteristics of exchanges and electronic platforms, - the characteristics of OTC derivatives products relevant to exchange or electronic platform trading.[82]	IOSCO	Published in February 2011.
Trading of OTC derivatives	Report on Follow-on Analysis to the Report on Trading, addressing: - the types of (multi-dealer and single-dealer) trading platforms available for the execution of OTC derivatives transaction; - 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.[83]	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 NCCDs (as part of Basel III capital framework).[84]	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).[85]	BCBS	Interim rules published in July 2012.
Final report on margin requirements for non-centrally cleared derivatives	International standards on margin requirements for NCCDs.[86]	BCBS and IOSCO (in consultation with CPSS and CGFS)	Final standards published in September 2013 and updated in March 2015.[87]
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.[88]	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.[89]	BCBS (in consultation with CPSS and IOSCO)	Final standard published in April 2014.

82 http://www.iosco.org/library/pubdocs/pdf/IOSCOPD345.pdf.
83 http://www.iosco.org/library/pubdocs/pdf/IOSCOPD368.pdf.
84 http://www.bis.org/publ/bcbs189_dec2010.pdf.
85 http://www.bis.org/publ/bcbs227.pdf.
86 http://www.bis.org/publ/bcbs261.pdf and http://www.iosco.org/library/pubdocs/pdf/IOSCOPD423.pdf.
87 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD480.pdf.
88 http://www.bis.org/publ/bcbs279.pdf.
89 http://www.bis.org/publ/bcbs282.pdf.

WORK COMPLETED SINCE OCTOBER 2010

Issue	Action	Responsible	Date finalised
CROSS-BORDER REGULATION			
Cross-Border Regulatory Tools	Study, consider and describe cross-border regulatory tools.	IOSCO	Final report issued September 2015.[90]

[90] http://www.iosco.org/library/pubdocs/pdf/IOSCOPD507.pdf.

Appendix M: List of abbreviations and acronyms

APRA	Australian Prudential Regulation Authority
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CCP	central counterparty
CFTC	US Commodity Futures Trading Commission
CGFS	Committee on the Global Financial System
covered entity	financial firms and systemically important non-financial entities (as defined in the BCBS–IOSCO standards for margin requirements for NCCDs)
CPMI	Committee on Payments and Market Infrastructures (formerly CPSS – Committee on Payments and Settlements System)
DAT	Derivatives Assessment Team, established by chairs of BCBS, CGFS, CPMI, FSB and IOSCO
EC	European Commission
ESMA	European Securities Markets Authority
FMI	financial market infrastructure
FSB	Financial Stability Board
IOSCO	International Organization of Securities Commissions
LEI	legal entity identifier
MiFID II/MiFIR	EU Markets in Financial Instruments Directive/Regulation
NCCD	non-centrally cleared derivative
NDF	non-deliverable forward
ODRF	OTC Derivatives Regulators' Forum
ODRG	OTC Derivatives Regulators Group
ODSG	OTC Derivatives Supervisors Group
OSFI	Canadian Office of the Superintendent of Financial Institutions
OTC	over-the-counter
PFMI	CPMI-IOSCO *Principles for Financial Market Infrastructures*
SDR	swap data repository
SEC	US Securities and Exchange Commission
TR	trade repository
UPI	Unique Product Identifier
UTI	Unique Transaction Identifier
WGMR	BCBS–IOSCO Working Group on Margin Requirements

Appendix N: 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
	María-Teresa Fábregas-Fernandez Head, Financial Markets Infrastructure Unit Directorate General for Financial Stability, Financial Services and Capital Markets Union 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	**Gao Fei** Director, Bonds Markets Supervision Division People's Bank of China
	Hailong Li Principal Staff Member, Futures Supervision Department China Securities Regulatory Commission
France	**Carole Uzan** Deputy Head, Markets Regulation Policy Division Autorité des marchés financiers (AMF)

Germany	**Thomas Schmitz-Lippert** Executive Director, International Policy/Affairs Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
	Martin Ockler Senior Executive Officer, Directorate General Financial Stability Deutsche Bundesbank
Hong Kong	**Daryl Ho** Head of Financial Stability Surveillance Division Monetary Management Department Hong Kong Monetary Authority
	Daphne Doo Senior Director, Supervision of Markets Division Securities and Futures Commission
Japan	**Takuo Komori** Deputy Commissioner for International Affairs Financial Services Agency
Korea	**Jae-Ryong Jeong** Head, Derivatives Analysis Team Financial Supervisory Service
Saudi Arabia	**Tariq Javed** Advisor, Banking Control Department Saudi Arabian Monetary Authority
Singapore	**Ken Nagatsuka** Deputy Director, Markets Policy and Infrastructure Department Monetary Authority of Singapore
South Africa	**Roy Havemann** Chief Director, Financial Markets and Stability National Treasury
Switzerland	**Michael Manz** Head, International Finance and Financial Stability Swiss Federal Department of Finance (FDF) State Secretariat for International Finance (SIF)
Turkey	**Ayça Özer** Senior Expert, Investment Services Department Capital Markets Board of Turkey (SPK)

UK	**Tim Clausen*** Adviser, International Directorate Bank of England * left the working group prior to publication date of this report
	Anne-Laure Condat Technical Specialist, Derivatives Reform Financial Conduct Authority
US	**Warren Gorlick** Deputy Director, Office of International Affairs Commodity Futures Trading Commission
	Kim Allen Senior Special Counsel, Office of Derivatives Policy Securities and Exchange Commission
	Erik Heitfield Assistant Director, Research and Statistics Division Federal Reserve Board of Governors
ECB	**Klaus Löber** Senior Adviser Directorate General Market Infrastructure and Payments
BIS	**Andreas Schrimpf** Economist, Monetary and Economic Department
IMF	**Eija Holttinen** Senior Financial Sector Expert Financial Supervision and Regulation Division
BCBS	**Scott Nagel** Member of Secretariat
CPMI	**Morten Bech** Head of Secretariat
IOSCO	**Paul Andrews** Secretary General
FSB Secretariat	**Rupert Thorne** Deputy to the Secretary-General
	Mark Chambers Member of Secretariat
	Laurence White Member of Secretariat