Press release

Press enquiries:
Basel +41 76 350 8461
press@bis.org

Ref no: 46/2015

24 July 2015

Progress in Implementing OTC Derivatives Market Reforms

The Financial Stability Board (FSB) published today its ninth progress report on implementation of OTC derivatives market reforms.

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

To achieve these objectives, the G20 agreed that:

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

The report published today finds that implementation of OTC derivatives market reforms is well underway, with the foundational authority needed to give effect to the full range of these reforms in place in most FSB member jurisdictions. The main findings are:

- Implementation of reforms is most advanced for trade reporting and for higher capital requirements for non-centrally cleared derivatives.
- There has been further incremental progress to promote central clearing of standardised OTC derivatives: at present five jurisdictions have central clearing requirements in effect for one or more specific product types, and over the next year further progress is anticipated in many jurisdictions for assessing if certain products should be required to be centrally cleared.
- Few jurisdictions have regulatory frameworks in place to promote execution of standardised contracts on organised trading platforms. It continues to be important for jurisdictions to have frameworks in effect for assessing when it is appropriate for transactions to be executed on organised trading platforms.

- Most jurisdictions are only in the early phases of implementing the BCBS–IOSCO framework for margin requirements for non-centrally cleared derivatives (internationally agreed phase-in periods were recently delayed, and now begin in September 2016).
- Availability and use of centralised infrastructure to support OTC derivatives reforms continues to expand.

Authorities continue to note a range of implementation issues, though international workstreams that aim to address most of these issues are underway, including: steps to harmonise transaction reporting and to agree to a framework for uniform trade and product identifiers; further coordinated consideration of CCP resilience, recovery and resolution, and central clearing interdependencies; and ongoing multilateral and bilateral discussions to address cross-border regulatory issues (with several additional steps recently taken by authorities in this regard).

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

The FSB welcomes feedback from the public on this report. Feedback should be submitted by 24 August 2015 by e-mail (fsb@bis.org) or post (Secretariat of the Financial Stability Board, c/o Bank for International Settlements, CH-4002, Basel, Switzerland). Feedback will be posted on the FSB website unless respondents request otherwise.

Notes to editors

In October 2010 the FSB published 21 recommendations for implementing the G20 commitments to reform global OTC derivatives markets. The first FSB progress report on implementation was published in April 2011, the second progress report in October 2011, the third progress report in June 2012, the fourth progress report in October 2012, the fifth progress report in April 2013, the sixth progress report in September 2013, the seventh progress report in April 2014, and the eighth progress report in November 2014.

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

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