

Update to Survey on the Principles for the Regulation and Supervision of Commodity Derivatives Markets

Final Report



OICD-IOSCO

**The Board
of the
International Organization of Securities Commissions**

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ABBREVIATIONS

Market Authorities

- Argentina – Comisión Nacional de Valores (CNV)
- Australia – Australian Securities and Investments Commission (ASIC)
- Brazil – Comissão de Valores Mobiliários (CVM)
- Canada – Autorité des Marchés Financiers (AMF)
- Canada – Alberta Securities Commission (ASC)
- Canada – Ontario Securities Commission (OSC)
- China – China Securities Regulatory Commission (CSRC)
- Dubai – Dubai Financial Services Authority (DFSA)
- European Union – EU member states
- Hong Kong – Securities and Futures Commission (SFC)
- Japan – Ministry of Economy, Trade and Industry (METI), Ministry of Agriculture, Forestry and Fisheries (MAFF)
- Korea – Financial Services Commission & Financial Supervisory Service (FSC/FSS)
- Malaysia – Securities Commission Malaysia (SC Malaysia)
- Mexico – Comisión Nacional Bancaria y de Valores (CNBV)
- Saudi Arabia – Capital Market Authority (CMA)
- Singapore – Monetary Authority of Singapore (MAS)
- Switzerland – Swiss Financial Market Supervisory Authority (FINMA)
- Turkey – Capital Markets Board (CMB)
- United Arab Emirates – Securities and Commodity Authority (SCA)
- United States – Commodity Futures Trading Commission (CFTC)

1. Introduction

At the G20 Summit in Cannes in November 2010, the G20 endorsed IOSCO's final report on the *Principles for the Regulation and Supervision of Commodity Derivatives Markets* (Principles). In their declaration, the G20 stipulated that Market Authorities¹ should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, the declaration stated that Market Authorities should have the ability to use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month, where appropriate. The G20 Leaders re-affirmed their commitment to enhance transparency and avoid abuse in commodity markets, including over-the-counter (OTC) markets.

In April 2012, IOSCO commissioned a survey for its members as a means to carry out an implementation review of the Principles. Responses were received from 37 Market Authorities. The survey review results were collated by IOSCO Committee 7 (then the Committee on Commodity Derivatives) and reported in October 2012 in the *Survey Report on the Principles for the Regulation and Supervision of Commodity Derivatives Markets* (2012 Report)².

The G20 Finance Ministers Summit declaration in Moscow in February 2013 and the G20 Leaders' Summit declaration in St. Petersburg in September 2013, respectively, called for monitoring, on a regular basis, of the proper implementation of the Principles.

The IOSCO Board agreed that Committee 7 would prepare an update report in time for the G20 Brisbane Summit in November 2014, including a reprise of the conclusions of the 2012 review, with a particular focus on supervision and enforcement and those principles where members were yet to achieve full compliance. The survey review results were collated by Committee 7 and reported in September 2014 in the *Update Report to Survey on the Principles for the Regulation and Supervision of Commodity Derivatives Markets* (2014 Report)³.

Subsequently, the IOSCO Board agreed that Committee 7 would prepare a final implementation report in time for the G20 Buenos Aires Summit in November 2018, concluding the review of the implementation of the Principles.

The results from the 2018 survey review exercise are presented in Annexes A and B of this report.

2. Overview of the 2012 and 2014 Survey Results

The results of the 2014 Report showed that the majority of respondents were broadly compliant with the Principles (see 1st and 2nd columns of Annex A).

1 A Market Authority is a governmental regulator, a self-regulatory organization or a regulated market.

2 <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD393.pdf>

3 <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD449.pdf>

Between 2012 and 2014, many jurisdictions made progress towards achieving full compliance with the Principles, covering previously identified gaps, as well as strengthening their compliance with those Principles with which they were already in compliance since 2012.

3. 2018 Update

Annex A shows the IOSCO members that have progressed towards achieving full compliance with the Principles by taking action to resolve those gaps previously identified in the 2012 and 2014 Reports.

Annex B provides a summary of the responding IOSCO members' regulatory reforms, date of their implementation, and the effect toward compliance with the Principles.

Overall comments

The comments below capture the changes undertaken and reported by IOSCO members since the 2014 update. The 2014 Report has been used as reference to maintain consistency.

References were made to specific Principles where the responding jurisdictions stated in either Annex A or Annex B that the reforms had an impact on compliance with those Principles.

Specifically, the 2018 survey responses indicate that IOSCO members have made improvements and reforms in the following areas:

Contract Design Principles

- Accountability (Principle 1) – EU Member States, Switzerland
- Economic Utility (Principle 2) – EU Member States
- Correlation with Physical Market (Principle 3) – EU Member States
- Promotion of Price Convergence through Settlement Reliability (Principle 4) – EU Member States
- Responsiveness (Principle 5) – EU Member States
- Transparency (Principle 6) – EU Member States, Singapore, Switzerland

Principles for Market Surveillance

- Framework for Undertaking Market Surveillance (Principle 7) – Australia, Dubai, EU Member States, Hong Kong, Switzerland
- Monitoring, Collecting and Analysing Information (Principle 8) – Argentina, Australia, Canada (ASC, AMF, OSC), EU Member States, Hong Kong, Switzerland
- Authority to Access Information (Principle 9) – Canada (ASC, AMF, OSC), EU Member States, Hong Kong, Malaysia, Switzerland, Mexico
- Collection of Information on On-Exchange Transactions (Principle 10) – EU Member States, Hong Kong, Mexico
- Collection of OTC Information (Principle 11) – Argentina, Australia, Canada (ASC, AMF, OSC), EU Member States, Hong Kong, Malaysia, Switzerland
- Large Positions (Principle 12) – EU Member States, Switzerland

Principles to Address Disorderly Commodity Derivatives Markets

- Intervention Powers in the Market (Principle 13) – Canada ASC, EU Member States, Malaysia
- Review of Evolving Practices (Principle 14) – EU Member States

Principles for Enforcement and Information Sharing

- Rules and Compliance Programs (Principle 15) – Argentina, Canada (ASC, AMF, OSC), Dubai, EU Member States, Hong Kong, Switzerland
- Framework for Addressing Multi-Market Abusive Trading (Principle 16) – Australia, Canada (ASC, AMF, OSC), EU Member States, Switzerland
- Powers and Capacity to Respond to Market Abuse (Principle 17) – Dubai, EU Member States, Switzerland
- Disciplinary Sanctions Against Market Members (Principle 18) – EU Member States
- Disciplinary Sanctions Against Non-Members of the Market (Principle 19) – Canada ASC, EU Member States
- Information Sharing (Principle 20) – EU Member States, Switzerland

Principles for Enhancing Price Discovery on Commodity Derivatives Markets

- Commodity Derivatives Market Transparency (Principle 21) – EU Member States, Hong Kong, Singapore, Switzerland
- OTC Transparency (Principle 22) – Argentina, EU Member States

Achieving full compliance with the Principles

As noted, the 2014 Report observed that the majority of respondents were broadly compliant with the Principles. Where commodity derivatives markets exist, and Market Authorities had acknowledged non-compliance, many of those Market Authorities proposed or enacted initiatives aimed at achieving full compliance over time.

Annex A shows that IOSCO members that responded to the 2018 survey update have made substantial progress towards achieving full compliance and have, in many cases, strengthened those Principles with which they were already in compliance in 2014.

Annex B, which provides the responding IOSCO members' summary of updated survey results, further shows that IOSCO members report that they have continued to strengthen their rules in areas where they were broadly compliant in the 2014 Report. Overall, the 2018 survey indicates that IOSCO members have made improvements across all areas described in the Principles.

General highlights from selected markets

The January 2018 implementation in the European Union of the Markets in Financial Instruments Directive II (MiFID II) and Markets in Financial Instruments Regulation (MiFIR) established pre- and post-trade transparency requirements, position limits, and position reporting requirements for commodity derivatives. Trade reporting obligations for all OTC and exchange-traded derivatives

contracts for all counterparties were introduced under the European Market Infrastructure Regulation (EMIR). Further, compliance with Principles related to the surveillance framework, collection and use of market information, and access to information (Principles 8-10), has been strengthened by the EU's Market Abuse Regulation (MAR) and Regulation on Wholesale Energy Market Integrity and Transparency (REMIT).

As projected in the 2014 Report, in Canada, substantially all OTC derivatives, including OTC commodity derivatives, are now required to be reported to a regulated trade repository (TR). TR recognition/designation requirements and trade reporting obligations have been in effect across all Canadian jurisdictions since 2016, and TRs are required to publish aggregated data and transaction data related to certain types of OTC derivatives, increasing transparency in the market.

Under the Securities and Futures (Amendment) Ordinance, Hong Kong has implemented phase 1 (2015) and phase 2 (2017) of its reporting requirements for all OTC derivatives transactions subject to mandatory reporting.

In Switzerland, the Financial Market Infrastructure Act (FMIA) and Financial Market Infrastructure Ordinance (FMIO) came into force in 2016. The FMIA and FMIO provide for harmonized pre- and post-trade transparency requirements and establish reporting obligations for all OTC and exchange-traded derivatives transactions to TRs. However, it was also noted that no licensed exchanges for the trading of commodity derivatives remain in Switzerland.

Mexico has no reforms currently in progress or under consideration specifically for commodity derivatives as Mexico's commodity market remains very small. Therefore, the general rules for derivatives trading in Mexico apply. However, the National Banking and Securities Commission (CNBV) conducted a self-assessment in which Principles 9 and 10 were addressed. Mexico's three authorities regulating derivatives, the Ministry of Finance, the Bank of Mexico, and the CNBV, have supervisory powers, which include the ability to obtain information on derivatives transactions and books and records from market participants and intermediaries.

Malaysia and China continue to develop derivatives regulation. Malaysia is working towards implementing trade reporting for OTC derivatives. As China continues to work on its draft Futures Law, it is difficult to assess the compliance with specific Principles before the Law takes effect. Nevertheless, the Futures Law is expected to strengthen overall compliance with the Principles.

Singapore is currently in the process of implementing its comprehensive trade reporting regime for commodity derivatives. Market participants have begun reporting large trade positions to Singapore-based exchanges, which are monitoring and tracking those positions. Singapore is currently determining what information will be published in large trader reports. Full implementation, including publication of large trader reports, is targeted for 2019.

Australia implemented the final phase of the OTC derivative reporting obligation in 2015, including reporting of OTC commodity derivatives. Australia's OTC trade reporting framework has enhanced its ability to conduct market surveillance and enforcement regarding OTC markets.

Annex A – Summary of previously reported gaps that have been addressed

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
Argentina: CNV	3, 7, 8, 10, 11, 12, 14, 15, 16, 17, 20, and 21.	Yes, for all identified Principles.	<p>Law 27, 440, which was enacted on May 9th, 2018, amended Law 26,831 of Capital Markets.</p> <p>Among other changes, the Law defines the “Registry of Derivatives Transactions” as the registry of the derivatives contracts traded on a bilateral basis outside authorized markets by the Commission. This registry will be maintained by the “Register Entities of Derivative Transaction” (or TRs) or by TR-like entities in the absence of TRs. The Law defines and brings legal status to the TRs as legal entities with the main goal of complying with the functions established by CNV Rules and subject to CNV authorization.</p> <p>Additionally, Law 27,440 includes close-out netting disposition for OTC derivatives.</p> <p>In 2014 CNV and the Agroindustry Secretary, formerly known as Ministry of Agroindustry, issued rules requiring all participants to register contracts and OTC derivatives on commodities in a centralized system developed by Futures Exchanges and Product Associations. The system was launched in December 2014.</p> <p>General Resolution CNV N° 657 dated March 17, 2016 (and Resolution of Ministry</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>of Agroindustry N° 65) provides that the Agroindustrial Markets Secretary which reports to the Agroindustry Secretary will enforce a uniform system of mandatory disclosure of grain purchases and sales.</p> <p>These CNV rules ensure market transparency, both in cash and financial commodity markets, and achieve appropriate regulation and supervision of participants in these markets.</p>
Australia: ASIC	16, 20, and 21.	Yes for 16 and 21.	<p>ASIC believes that the regulatory framework in place in Australia is broadly in compliance with the Principles. Since the 2014 update, reforms in Australia have focused on OTC Trade Reporting.</p> <p>Principle 16 – Framework for addressing multi-market abusive trading</p> <p>At present, ASX 24 is the only operational commodity derivatives exchange in Australia. As such, the concept of multi-market abusive trading is viewed in terms of exchange and OTC markets. Since the 2014 Update, the regulatory reform undertaken has focused on reporting in the OTC markets.</p> <p>The OTC Trade Reporting framework now implemented provides ASIC with an enhanced ability to undertake market surveillance and enforcement.</p>

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			<p>There is pre- and post-trade transparency in exchange traded commodities markets in Australia. ASIC and market operators already have powers to address disorderly markets in exchange traded commodities.</p> <p>ASIC has the power to deter and prosecute market abuse in exchange and OTC traded commodity futures. Market operators have the power to impose position limits, and do in some cases, in order to meet their primary license obligation of ensuring a fair, orderly and transparent market.</p> <p>Participants in exchange and OTC commodities markets who provide financial services, such as advice or dealing on behalf of clients, are required to obtain an Australian Financial Services Licence, and are subject to supervision by ASIC.</p> <p>The OTC derivative reporting obligation is in full effect with the final phase implemented in December 2015.</p> <p>The OTC derivative reporting obligation includes reporting of OTC commodity derivatives (other than electricity derivatives, which the Australian Government carved out from the reporting requirements).</p> <p>ASIC believes that the previously identified gaps in the application of Principles 20 and 21 are acceptable and does not see any</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			regulatory benefit in addressing these perceived gaps in the near term.
Brazil: CVM	None identified.	n/a	n/a
Canada: Quebec AMF	16(1).	Yes.	<p>Update on Principles that were reported in 2012 as not being in compliance:</p> <p>Principle 1 – Accountability – This principle is not applicable (N/A) to the Québec AMF, as the AMF does not regulate the underlying physical commodity market.</p> <p>Principle 8 – Monitoring, collecting and analysing information. AMF (Québec) has implemented a Trade Reporting rule for the OTC derivatives market since 2014. This principle would be implemented by the Montreal Exchange, a Recognized Regulated Entity (Québec Derivatives Act – Section 12), which is a self-regulatory organization under the Québec AMF’s jurisdiction, for any commodity derivative traded on the exchange.</p> <p>Principle 16 – Framework for addressing multi-market abusive trading –</p>

			<p>The AMF does not regulate the underlying physical commodity market. However, the CSA is considering developing a framework for designating benchmarks and benchmark administrators, and for regulating designated benchmarks, which may include designated commodity benchmarks. It is currently contemplated that the framework will incorporate the IOSCO Principles for Oil Price Reporting Agencies. The regulation of designated commodity benchmarks would enhance the AMF's ability to oversee the commodity markets and address multi-market abuse.</p> <p>i) N/A - Within the AMF (Québec) regulatory jurisdiction there is only one exchange. A framework does exist for market surveillance and enforcement that provides active and coordinated detection and enforcement action against manipulative or abusive schemes that might affect trading. The rules of the Montreal Exchange (MX) contain specific provisions prohibiting manipulative or deceptive methods of trading.</p> <p>ii) According to Canadian securities laws, and derivatives law in Québec a person or company must not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that the person or company knows or reasonably ought to know results in</p>
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Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>or contributes to a misleading appearance of trading activity in, or an artificial price for, a security, derivative or underlying interest of a derivative or perpetrates a fraud on any person or company.</p> <p>Rules, policies, and other similar instruments adopted by an exchange must not be contrary to the public interest. In addition, rules, policies, and other instruments must be designed, in part, to ensure compliance with securities legislation and prevent fraudulent and manipulative acts and practices. Marketplaces must also take all reasonable measures to ensure that their operations do not interfere with fair and orderly markets.</p> <p>The marketplace must ensure that the measures it takes to ensure its proper operation are effective.</p> <p>iii) N/A - The AMF does not regulate the underlying physical market.</p> <p>Principle 20 – Information sharing –AMF (Québec) does not have any blocking laws to prevent information sharing and the AMF (Québec) has information sharing agreements that contain the usual confidentiality restrictions.</p>
			OTC Derivatives Trade Reporting

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<ul style="list-style-type: none"> • Trade repository recognition requirements and trade reporting obligations became effective in Manitoba, Ontario and Québec in 2014 and in all other Canadian jurisdictions in 2016. All OTC derivatives, including OTC commodity derivatives, are required to be reported to a trade repository. Trade repositories are required to publish aggregated data, including on OTC commodity derivatives, increasing transparency in the market. • Trade reporting improves AMF (Québec)'s visibility of the OTC commodities derivatives market, and allows AMF (Québec) to conduct surveillance, monitor and analyse the OTC commodities derivatives market. <p>Mandatory Clearing</p> <ul style="list-style-type: none"> • A framework mandating clearing of OTC derivatives became effective in all jurisdictions of Canada in 2017. While no OTC commodity derivatives are currently subject to mandatory clearing, the framework is in place to prescribe mandatory clearing of OTC commodity derivatives, should it be appropriate to do so. Mandatory central counterparty clearing reduces

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			counterparty risk in the OTC derivatives market.
Canada ASC	None identified	n/a	<p>OTC Derivatives Trade Reporting</p> <ul style="list-style-type: none"> • Trade repository recognition requirements and trade reporting obligations became effective in Manitoba, Ontario and Québec in 2014 and in all other Canadian jurisdictions in 2016. All OTC derivatives, including OTC commodity derivatives, are required to be reported to a trade repository. Trade repositories are required to publish aggregated data, including on OTC commodity derivatives, increasing transparency in the market. • Trade reporting improves the ASC's visibility of the OTC commodities derivatives market, and allows the ASC to conduct surveillance, monitor and analyse the OTC commodities derivatives market. <p>Mandatory Clearing</p> <ul style="list-style-type: none"> • A framework for mandating clearing of OTC derivatives became effective in all jurisdictions of Canada in 2017. While no OTC commodity derivatives are currently subject to mandatory clearing, the framework is in place to prescribe mandatory clearing of OTC commodity derivatives, should it be appropriate

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>to do so. Mandatory central counterparty clearing reduces counterparty risk in the OTC derivatives market.</p> <p>Updates to Previous Survey Responses:</p> <p>Principle 13 – Intervention Powers in the Market – Market Authorities in the jurisdiction have demonstrated use of these powers on a regular basis, as additional margin calls are a common occurrence at regulated clearing agencies. If a contracting counterparty fails to provide additional margin or collateral, the relevant Market Authority has the authority to liquidate positions if needed.</p> <p>Principle 16 – Framework for Addressing Multi-Market Abusive Trading: The ASC does not regulate the underlying physical market. However, the CSA is considering developing a framework for designating benchmarks and benchmark administrators, and for regulating designated benchmarks, which may include designated commodity benchmarks. It is currently contemplated that the framework will incorporate the IOSCO Principles for Oil Price Reporting Agencies. The regulation of designated commodity benchmarks would enhance the ASCs ability to oversee the commodity markets and address multi-market abuse.</p>

			<p>i) A framework exists for market surveillance and enforcement that provides active and coordinated detection and enforcement action against manipulative or abusive schemes that might affect trading. The rules of exchanges in local jurisdiction contain specific provisions prohibiting manipulative or deceptive methods of trading.</p> <p>ii) According to Canadian securities laws a person or company must not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that the person or company knows or reasonably ought to know results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security, derivative or underlying interest of a derivative or perpetrates a fraud on any person or company.</p> <p>Rules, policies, and other similar instruments adopted by an exchange must not be contrary to the public interest. In addition, rules, policies, and other instruments must be designed, in part, to ensure compliance with securities legislation and prevent fraudulent and manipulative acts and practices. Marketplaces must also take all reasonable measures to ensure that their operations do not interfere with</p>
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Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>fair and orderly markets.</p> <p>The marketplace must ensure that the measures it takes to ensure its proper operation are effective.</p> <p>Principle 19 – Disciplinary Sanctions Against Non-Members of the Market – The <i>Securities Act</i> (Alberta) (section 93) prohibits directly or indirectly engaging or participating or attempting to engage or participate in any act, practice or course of conduct relating to a derivative or an underlying interest of a derivative that the person or company knows or reasonably ought to know may</p> <p>(a) result in or contribute to</p> <p>(i) a false or misleading appearance of trading activity in a security, a derivative or an underlying interest of a derivative, or</p> <p>(ii) an artificial price for a security, a derivative or an underlying interest of a derivative</p> <p>(b) perpetrate a fraud on any person or company.</p>
Canada: OSC	16(1).	Yes.	<p>OTC Derivatives Trade Reporting</p> <ul style="list-style-type: none"> Trade repository recognition requirements and trade reporting obligations became effective in Manitoba, Ontario and Québec in 2014 and in all other Canadian jurisdictions in 2016. Substantially,

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>all OTC derivatives, including OTC commodity derivatives, are required to be reported to a trade repository. Trade repositories are required to publish aggregated data, including on OTC commodity derivatives, increasing transparency in the market.</p> <ul style="list-style-type: none"> • Trade reporting improves the OSC’s visibility of the OTC commodities derivatives market and allows the OSC to monitor and analyse the OTC commodities derivatives market. <p>Mandatory Clearing</p> <ul style="list-style-type: none"> • A framework for mandating clearing of OTC derivatives became effective in all jurisdictions of Canada in 2017. While no OTC commodity derivatives are currently subject to mandatory clearing, the framework is in place to prescribe mandatory clearing of OTC commodity derivatives, should it be appropriate to do so. Mandatory central counterparty clearing reduces counterparty risk in the OTC derivatives market. <p>Updates to Previous Survey Responses:</p> <p>Principle 16 – Framework for Addressing Multi-Market Abusive Trading – The OSC does not regulate the underlying physical market. However, the CSA is considering</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>developing a framework for designating benchmarks and benchmark administrators, and for regulating designated benchmarks, which may include designated commodity benchmarks. It is currently contemplated that the framework will incorporate the IOSCO Principles for Oil Price Reporting Agencies. The regulation of designated commodity benchmarks would enhance the OSC's ability to oversee the commodity markets and address multi-market abuse.</p>

			<p>i) A framework exists for market surveillance and enforcement that provides active and coordinated detection and enforcement action against manipulative or abusive schemes that might affect trading. The rules of exchanges in local jurisdiction contain specific provisions prohibiting manipulative or deceptive methods of trading.</p> <p>ii) According to Canadian securities laws a person or company must not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that the person or company knows or reasonably ought to know results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security, derivative or underlying interest of a derivative or perpetrates a fraud on any person or company.</p> <p>Rules, policies, and other similar instruments adopted by an exchange must not be contrary to the public interest. In addition, rules, policies, and other instruments must be designed, in part, to ensure compliance with securities legislation and prevent fraudulent and manipulative acts and practices. Marketplaces must also take all reasonable measures to ensure that their operations do not interfere with</p>
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Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>fair and orderly markets.</p> <p>The marketplace must ensure that the measures it takes to ensure its proper operation are effective.</p> <p>Principle 19 – Disciplinary Sanctions Against Non-Members of the Market – The <i>Securities Act</i> (Ontario) (section 126.1) prohibits directly or indirectly engaging or participating or attempting to engage or participate in any act, practice or course of conduct relating to securities or derivatives or the underlying interest of a derivative that the person or company knows or reasonably ought to know</p> <p>(a) results in or contribute to a false or misleading appearance of trading activity in, or an artificial price for, a security, derivative or underlying interest of a derivative, or</p> <p>(b) perpetrates a fraud on any person or company.</p>
China CSRC		<p>In 2014, CSRC informed that they were at the stage of drafting the Futures Law legislation to enlarge the scope of regulation to the OTC markets, improve trading and clearing in futures markets, strengthen protection of investors and add regulation on cross-border trading. Upon completion of the Futures Law, overall compliance with the IOSCO Principles will be strengthened.</p>	<p>The legislation of Futures Law is currently still work in progress. There is no definite date for implementation. The main issues under discussion are the following:</p> <ol style="list-style-type: none"> 1. Enlarging the scope of regulation to the OTC markets; 2. Improving trading and clearing in futures markets; 3. Strengthening investor protection; and 4. Adding regulation on cross-border trading.

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Dubai: DFSA	1(ii)(iii), and 21.	Not identified. However, reforms adopted that strengthen 1, 3, 4, 6, 7, 13 and 15.	<p>Since the 2014 update, two market conduct-related enhancements to the DFSA’s regulatory regime relevant to commodity derivatives were introduced:</p> <p>Introduction of a Code of Market Conduct</p> <p>The DFSA has introduced a Code of Market Conduct (the Code) in January 2015. The Code provides guidance to market practitioners on the market abuse provisions in the DIFC’s Markets Law. It includes examples of types of market conduct, which would be considered abusive, as well as examples of type of conduct, which would be acceptable in a particular market. The Markets Law applies to all participants in the DIFC markets regardless of their location or type of financial instrument they transact.</p> <p>Mandatory reporting of suspicious transactions</p> <p>A licensed firm in the DIFC must notify the DFSA immediately if: (a) it receives an order from a client or arranges or executes a transaction with or for a client; and (b) it has reasonable grounds to suspect that the order or transaction may constitute market abuse. (2) The notification under (1) must specify: (a) sufficient details of the order or transaction; and (b) the reasons for the</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>licensed firm suspecting that the order or transaction may constitute market abuse. (3) A licensed firm must not inform the client, or any other person involved in the order or transaction, of a notification under this rule.</p> <p>Other enhancements</p> <p>Over the last four years the DFSA has made several enhancements to its AML regime in line with evolving international FATF standards.</p>
EU Member States	Not all EU member states had formal position management laws, which required reporting of large positions and the ability to aggregate common ownership or control of positions (12), fully integrated OTC markets into their framework for addressing multi-market abuse (16), or published the aggregate positions of different classes of large traders (21).	Yes, for all identified Principles and in addition enhancements for others - 1, 3, 4, 6-13, 15-17 and 21.	<p>Markets in Financial Instruments Directive II (MiFID II)</p> <ul style="list-style-type: none"> - Increases scope of MiFID I with changes to reduce certain exemptions from licencing and expand the definition of financial instruments to new products such as emission allowances. - Establishes a requirement for entities trading in commodity derivatives to be licenced unless they pass a test that trading is ancillary to their main business and they then notify the relevant national regulator. Ancillary activity test compares trading in 8 asset classes of an entity towards overall EU commodity market trading activity (EU ETDs and OTC contracts with minimum one EU counterparty).

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<ul style="list-style-type: none"> - Introduces harmonised pre- and post-trade transparency requirements. (IOSCO principles 6 & 10). - Introduces commodity derivatives position limits, set by member state regulators based on a methodology determined by ESMA applicable to all commodity derivatives admitted to trading on a trading venue and to their economically equivalent commodity derivatives OTC contracts. - Introduces commodity derivatives position reporting requirements on investment firms trading on- venue and in economically equivalent commodity derivatives OTC contracts. - Introduces an obligation applicable to trading venues to publish weekly reports with aggregated information on positions held by different categories of market participants. - Exemptions to the position limit regime are available only to non-financial entities in specified circumstances (e.g. commercial hedging purposes). - Regulators have all supervisory, investigatory and remedial powers to ensure market integrity and prevent market abuse. Specified sanctions may be imposed for infringements of the legislation. - Cooperation with other regulators is required for the purposes of transparency and information-sharing

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			<p>where the same contract is traded on multiple national markets.</p> <p>As a result, MiFID II implements the IOSCO Principles 1,2,3,4, 6,7,8,9,10,11,12,13,18,20,21 & 22.</p> <p>Markets in Financial Instruments Regulation (MiFIR)</p> <ul style="list-style-type: none"> - Implements pre-trade transparency requirements for trading in commodity derivatives for market operators and investment firms and provides for waivers from these requirements in specific circumstances. - Implements post-trade transparency requirements on trading venues for non-equity instruments including commodity derivatives. Deferred publication of transactions may be authorised by the regulator in specified circumstances. - Places an obligation on market operators and investment firms to make pre and post trade data available on a reasonable commercial basis. - Obligation for post-trade public disclosure by investment firms of volume, price and time of transactions. - Regulators have power to request information for the purposes of ensuring transparency and to uphold market integrity.

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			<ul style="list-style-type: none"> - Investment firms executing transactions are obliged to report those transactions and maintain records of those transactions for five years. - Imposes an obligation to trade derivatives on regulated markets, multilateral trading facilities (MTFs) or a new category of trading venues called organised trading facilities (OTFs) and for all transactions on regulated market to be cleared by a CCP on a non-discriminatory basis. These obligations are introduced in a phased approach. - Market monitoring and intervention powers, including position management of positions in breach of position limits are granted to the regulators to prevent market abuse and maintain integrity. <p style="margin-left: 40px;">As a result MiFIR implements the IOSCO Principles 1,6,7,8,9,10,12,13,15,16,17,21</p> <p>European Market Infrastructure Regulation (EMIR)</p> <ul style="list-style-type: none"> - Trade Reporting obligation introduced: all counterparties, i.e. also non-financial counterparties, are required to report all OTC and exchange-traded derivative contracts (based on the definition of financial instrument in MiFID II) to trade repositories for all OTC derivative contracts outstanding or entered into on

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			<p>or after 16 August 2012. Where a trade repository is unavailable, the details of the contract are to be reported to ESMA.</p> <ul style="list-style-type: none"> - Introduces a clearing obligation: Certain eligible OTC derivative contracts must be cleared through Central Counterparties (CCP) as will be determined by ESMA. - An authorised CCP shall accept eligible OTC derivative contracts on a non-discriminatory and transparent basis. - OTC derivatives not cleared through a CCP must be subject to risk mitigation techniques (which will include mandatory exchange of initial and variation margins). - The establishment of a public register of OTC derivative classes subject to the clearing obligation. - Non-financial counterparties must notify ESMA when exceeding the clearing threshold and will become subject to the clearing obligation for contracts entered into in the future. - CCPs are subject to supervision, oversight, capital and prudential requirements. Authorisation is granted on the basis of meeting criteria set out in the legislation and may be withdrawn in specified circumstances. - Trade repositories are required to register with ESMA and comply with the legislative criteria including operational reliability.

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			<ul style="list-style-type: none"> - The legislation provides ESMA and regulators with the power to supervise, investigate and impose fines for infringements of the legislative requirements. - Cooperation with third countries is encouraged in the legislation. <p style="margin-left: 40px;">As a result, EMIR implements IOSCO Principles 1,2,6,8,9, 11, 12, 13, 15-20, 22</p> <p>Market Abuse Regulation (MAR)</p> <ul style="list-style-type: none"> - Extends scope of market abuse to include activity in: <ul style="list-style-type: none"> o instruments traded solely on MTFs and OTFs; o related OTC traded financial instruments; emissions allowances; o commodity derivatives, spot commodity contracts; o manipulation of benchmarks; and o HFT. - Imposes the obligation of public disclosure of inside information. - Insider lists are to be drawn up and maintained by issuers or agents. - Persons disclosing managerial responsibility, as well as persons closely associated with them, are required to report own account transactions to the issuer and competent authority.

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			<ul style="list-style-type: none"> - Accepted market practices may be established by competent authorities. - Covers certain investment recommendations and statistics. - Competent authorities are granted the power to gather information, impose administrative sanctions and measures in relation to insider dealing, market manipulation and disclosing of inside information. - There is a requirement to cooperate with EU member states, ESMA and, where necessary, third countries. Data may be shared with third country competent authorities where necessary under express agreement and in accordance with data protection regulations. <p>Consequently, MAR implements IOSCO Principles, 1,6,7,8,9,13, 15, 16, 17,18, 19, 20.</p> <p>Directive on Criminal Sanctions for Market Abuse (CSMAD)</p> <ul style="list-style-type: none"> - Establishes (subject to certain national opt-outs) minimum criminal sanctions across the EU for market abuse. - Its purpose is to protect market integrity. Financial instruments traded on regulated markets, OTFs, MTFs and financial instruments where the price/value is based on instruments traded on these platforms (such as

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			<p>CFDs and CDSs) are captured under this directive. Securities, derivatives, benchmarks and auctions are captured.</p> <ul style="list-style-type: none"> - Insider dealing, unlawful disclosure of inside information and market manipulation are subject to criminal penalties including imprisonment for natural persons and the winding-up of legal persons. - Accordingly, CSMAD implements IOSCO Principles 14, 16, 17, 18, 19. <p>Benchmark Regulation (BMR)</p> <ul style="list-style-type: none"> - Regulates indices used as benchmarks in financial instruments or contracts. An index is considered a benchmark under the regulation where is used to determine the amount payable under a financial instrument or contract. - Where an underlying asset of a benchmark is a commodity it is subject to the requirements of the regulation e.g. Brent crude oil. - The regulation distinguishes between critical, significant, regulated data, and non-significant benchmarks. It has dedicated sections for interest rate benchmarks (annex 1 of the BMR) and commodity benchmarks (annex 2). The requirements for commodity benchmarks reflect the IOSCO Principles for Oil Price Reporting Agencies.

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			<ul style="list-style-type: none"> - Benchmark administrators need to be approved either through authorisation or registration with the competent authority depending on the type of benchmark administered. <p>As a result, BMR implements the IOSCO Principles 1,3,5,6,21.</p> <p>Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)</p> <ul style="list-style-type: none"> - Establishes the regulation of wholesale markets in physical power and gas, which is used to define the boundary between derivatives subject to financial regulation and REMIT regulation. - Establishes co-operation arrangements for power and gas products with financial market regulators. <p>REMIT therefore implements the IOSCO Principles 3, 6, 7, 8, 9, 13, 16, 17, 20, 21, 22.</p>
Hong Kong: SFC	16(1)(i)(ii), and 21.	Not identified. Reforms in development to regulate OTC derivatives, which would further Strengthen Principles 6-11, 13-15, 17-20.	<p>The Securities and Futures (Amendment) Ordinance (Amendment Ordinance)</p> <p>The Amendment Ordinance was placed into law in 2014 to provide a regulatory framework for the OTC derivatives market in Hong Kong, which meets the relevant commitments of the G20. It enables Hong Kong's financial regulators to introduce</p>

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			<p>mandatory reporting, clearing and trading requirements in line with the G20 commitments, and a record-keeping obligation to supplement these obligations.</p> <p><u>Reporting Requirement</u> Further to the Amendment Ordinance, the phase 2 reporting requirement has commenced in July 2017 (Phase 1 reporting commenced in 2015) and includes reporting requirements for all standardized and non-standardized OTC derivatives transactions in five asset classes (rates, FX, equity, credit and commodity) which are subjected to mandatory reporting under the Hong Kong OTC derivatives regulatory regime.</p>
Japan: METI MAFF	None identified.	Reforms adopted that strengthen 7, 8 and 20.	In “Update to Survey on the Principles for the Regulation and Supervision of Commodity Derivatives Markets in 2014” METI and MAFF did not identify any major gaps in compliance with the Principles, but have undertaken a strengthening of the implementation of the Principles after 2014. From August 2016, notification of margin exchange for non-centrally cleared OTC derivatives was introduced by the amendment of Regulations of the Commodity Exchange Act.
Korea: FSC/FSS	1(3)(a), 10(1)(iv), 10(3), 13(3) 16(1) and (2), and 21.	Yes, for 1, 10 and 13.	

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Malaysia: SC	1(2)(b), 4, 7(4), 9(iv), 11, 13(g)(h)16(2), 21	Reforms in process for OTC derivatives to strengthen 9(iv), 11 and 13(h).	Malaysia is working towards implementing OTC derivatives transaction reporting on a phased basis, starting with interest rate and currency underlying assets.
Mexico CNBV			<p>In the two previous implementation assessments Mexico reported a non-active commodities market. Therefore, no specific regulatory gaps were identified on the corresponding summary.</p> <p>The derivatives and, particularly, the commodity derivatives market in Mexico is small in comparison to more mature and even to other emerging markets. The yellow corn future is the only standardized commodity been traded at the Mexican Derivatives Exchange (the MexDer) since September 2012 and it is referred to a future traded at the CME. This contract is scarcely traded.</p> <p>There is no particular regulation on commodity derivatives, so the general rules for the trading of derivatives in Mexico apply. Some specific rules for trading commodity derivatives can be applied within the main body of the derivatives rules. For example, financial entities regulated by Banco de México may only transact derivatives on the following commodities:</p> <ul style="list-style-type: none"> i. Gold and silver; ii. Corn, wheat, soybeans, sugar, rice, sorghum, cotton, oats, coffee,

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			<p>orange juice; cocoa, barley, milk, canola, soybean oil and soybean meal;</p> <p>iii. Pork, pork and beef cattle;</p> <p>iv. Natural gas, heating oil, gas oil, gasoline and crude oil, and</p> <p>v. Aluminium, copper, nickel, platinum, lead and zinc.</p>
Saudi Arabia: CMA	No organized markets for listed and OTC derivatives.	Implementation of IOSCO Principles will be addressed within the context of the ongoing mandated review by the CMA of commodity markets.	Saudi Arabia currently has no organized markets for listed or OTC commodity derivatives.
Singapore: MAS	6(2) and 21.	Yes, 6 and 21.	Yes (see Annex B)
Switzerland: FINMA	1(3)(a) and (b), 7(4), 10(1)(iii), and (3), 11, 12, 20(3) and 21.		<p>Yes.</p> <p>The only Swiss derivatives exchange (EUREX Zürich AG) ceased its operating activities at the end of March 2018 and was delicensed by FINMA on 30 June 2018. Therefore, Swiss market participants are no longer able to trade commodities derivatives on Regulated Markets or Multilateral Trading Facilities in Switzerland. Since the IOSCO Principles for the Regulation and Supervision of Commodity Derivatives Markets from September 2011 (the "Principles") are intended to apply primarily to <i>exchange-traded</i> derivatives there is no application or application only to a very</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>limited extend of the Principles for Switzerland.</p> <p>The following Principles, identified as needing further work in Switzerland in the 2014 Report, have been strengthened:</p> <ul style="list-style-type: none"> • Principle 1 Accountability (3) (b): The Swiss Federal Council may introduce limits on the size of net positions which a person may hold in commodity derivatives insofar as this is necessary for orderly pricing and settlement as well as for convergence between prices on the derivatives market and on the underlying market. FINMA shall set position limits for the individual commodity derivatives (Art. 118 FMIA). <p>Contract specifications are adjustable in the event of fundamental changes in the underlying. Both the FMIA and the Exchange Regulations require contracts to not be susceptible to manipulation and to be founded on an economic basis.</p> <ul style="list-style-type: none"> • Principle 7 Framework for Undertaking Market Surveillance (4): There are currently two OTC derivative trade repositories authorized / recognized by FINMA. There is a reporting requirement for derivatives

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			<p>transactions, including commodity derivatives (art. 104 FMIA). Market abuse regulation covers financial markets as well as the underlying OTC and physical markets. Therefore, FINMA investigations on manipulations of financial product prices may cover OTC derivatives.</p> <p>There are no procedures in place to permit FINMA to directly analyse and supervise physical markets. However, for the purpose of assessing the assurance of proper business conduct on the part of the FINMA supervised institutions, the provisions on insider information and market manipulation (cf. FINMA Circular 2013/08 "Market conduct rules" Sections III-V) apply further than securities admitted to trading on Swiss trading venues. For the supervised institution the provisions are also applicable generally and in particular in respect to the primary market, FOREX trading, trading on other markets (such as commodities and interest rate markets) and also in connection with benchmarks.</p> <p>The recording of transactions must occur in a standardized way so as to be available within three days upon FINMA's request or the request of the independent audit firm acting in its role as regulatory audit firm.</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>FINMA circular 08/4 defines in detail the requirements the recordings of transactions by licensed securities dealers must meet. FINMA circular 18/02 defines in detail the requirement the reporting of transactions by licensed securities dealers must meet.</p> <ul style="list-style-type: none"> • Principle 11 Collection of OTC Information: FINMA collects data with respect to market abuse investigations from the two authorized / recognized Trade Repositories on an as-needed basis. FINMA will also evaluate whether to collect data for the purpose of analysing systemic risks on a routine or an as-needed basis. • Principle 12 Large Positions: There are no plans to implement specific large trader reports. <p>In pursuing an investigation, FINMA can obtain information on beneficial owners from regulated securities dealers. For all transactions that have to be reported (see above, Principle 7) according to Art. 39 FMIA respectively Art. 15 para. 2 SESTA (in connection with Art. 37 FMIO, Art. 31 SESTO, Art. 2-5 FINMA-FMIO as well as the FINMA Circular 18/02 Duty to report securities transactions), the beneficial owner has to be reported in accordance</p>

Jurisdiction	2012 Survey: Principles identified as needing further work	2014 Update: Have reforms been adopted, proposed or implemented that will strengthen these previously identified Principles?	2018 Update: Since the 2014 Update, have reforms been adopted, proposed or implemented aiming at strengthening the previously identified gaps in Principles?
			<p>with the Anti-Money Laundering provisions. Since the direct supervision of transactions executed on trading venues is performed by an independent trading surveillance body of the trading venue itself (cf. Art. 27 and Art. 32 FMIA), this self-regulation organization is able to aggregate and analyse positions owned by a beneficial owner. The trading surveillance office will forward, whenever there is a substantiated suspicion of violations of the law or other irregularities, the results of the investigations to FINMA as the supervisory authority.</p> <ul style="list-style-type: none"> • Principle 20 Information Sharing (3): Unimpeded cooperation and information sharing is possible with all relevant domestic authorities, e.g. prosecution authorities, Swiss National Bank, Federal Department of Finance (cf. Art. 38, 39 FINMASA). <p>Relevant provisions in the Financial Market Supervision Act (FINMASA) were amended from 1 January 2016 and generally allow for unimpeded cooperation and information sharing with foreign regulatory bodies. The relevant provisions are Art. 42 – 43 FINMASA.</p> <ul style="list-style-type: none"> • Principle 21 Commodity Derivatives Market Transparency: There are no

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			commodity derivatives listed on the Swiss trading venues; therefore, this Principle does not apply in FINMA's jurisdiction.
Turkey: CMB	n/a	n/a	n/a
UAE: SCA	1(1) and (3), 2(i), 6(2), 7, 8(2), 9(iv) and (v), 10(1) and (3), 11, 12, 13(1), 13(2)(f)-(h) and 13(3), 14-16, 17(i) and (ii), 21.	Reforms are in process.	Since the 2014 update, SCA regulatory reforms have focused on aligning the CCP functions of the clearing company associated with the regulated commodities derivatives exchange, with international best practices, including the IOSCO Principles. Accordingly, in 2015, the SCA issued a new regulation covering CCP functions of commodities derivatives called 'regulation of clearing operations in commodities markets', which was further amended in 2016. These regulations were based on international best practices and they also mandate that the functions of the CCP must be in conformity with the relevant IOSCO Principles.
US: CFTC	None identified	n/a	n/a

Annex B – Summary of 2018 Updated Survey Results

Jurisdiction	REGULATORY REFORMS AND DATE OF IMPLEMENTATION⁴	IMPACT ON COMPLIANCE WITH PRINCIPLES
Argentina: CNV	<p>In line with the provisions of the Law, on 08/13/18 the CNV published Resolution CNV N° 758 for consultation - which is being reviewed - that modifies art 10 and incorporates art 10 BIS of Chapter V of Title VI of the “CNV RULES 2013”.</p> <p>Article 10 BIS, once in force, will regulate the obligation to notify the “Register Entities of Derivatives Transactions” of the execution, modification, settlement and termination of the derivatives contracts traded on a bilateral basis outside authorized markets, by entities and agents under CNV's scope. It also includes the minimum set of data that must be informed to the Register Entities.</p> <p>Resolution CNV N° 758 is expected to be in force at the beginning of Q4.</p>	<p>This reform will allow the CNV to obtain more granular information about OTC derivatives. This is the first in a set of reforms aimed at improving compliance with the IOSCO Principles.</p>
Australia: ASIC	<p>Not applicable at this time.</p> <p>Principle 16 - Framework for addressing multi-market abusive trading</p> <p>Implementation of the ASIC Derivative Transaction Rules (Reporting) 2013 commenced in 2013, with the final phase being implemented in December 2015.</p>	<p>The commodity derivatives reporting regime has already been helpful in a number of policy and regulatory matters, and offers potential for further insight. ASIC is focusing its attention on improving the regime to efficiently yield better quality and more useful data.</p>
Brazil: CVM	Not applicable	Not applicable
Canada Quebec AMF	Regulation of OTC Derivatives Dealers and Advisers	Taken together, the OTC derivatives regulatory reforms implemented since 2014 and currently in process improve

4 The date of implementation is the earliest possible date that all provisions are expected to be in force based on the information currently available.

Jurisdiction	REGULATORY REFORMS AND DATE OF IMPLEMENTATION ⁴	IMPACT ON COMPLIANCE WITH PRINCIPLES
	<ul style="list-style-type: none"> • The CSA is developing business conduct obligations and a registration regime for dealers and advisers in OTC derivatives, including OTC commodity derivatives. The former will provide protections for counterparties and clients of dealers and advisers, and the latter will include requirements relating to risk management and proficiency of dealers and advisers (Regulation 93-101 respecting Derivatives Business Conduct, published for comment on June 14, 2018, and Draft Regulation 93-102 respecting Derivatives Registration, published for comment on April 19, 2018, respectively). Anticipated implementation of business conduct obligations by end-2020 and of the registration regime by H2 2022 <p>Margin Requirements for Non-Centrally Cleared OTC Derivatives</p> <ul style="list-style-type: none"> • Covered entities will be required to exchange initial margin and variation margin in respect of non-centrally cleared OTC derivatives, including OTC commodity derivatives. Margin requirements reduce the build-up of counterparty risk in the OTC derivatives market. Anticipated implementation in 2020. <p>Regulation of Designated Benchmarks</p> <ul style="list-style-type: none"> • The AMF, along with the CSA is considering developing a framework for designating benchmarks and benchmark administrators, and for regulating in respect of designated benchmarks which may include designated commodity benchmarks. It is currently contemplated that the framework will incorporate the IOSCO Principles for Oil Price Reporting Agencies. Anticipated implementation by end 2021. 	<p>transparency and enhance the AMF (Québec)'s ability to oversee and intervene in the OTC derivatives market, including the OTC commodity derivatives market.</p> <p>The regulatory initiatives identified above should enhance compliance with Principles 8, 9, 11, 15, 16.</p>

Jurisdiction	REGULATORY REFORMS AND DATE OF IMPLEMENTATION ⁴	IMPACT ON COMPLIANCE WITH PRINCIPLES
Canada: ASC	<p>Regulation of OTC Derivatives Dealers and Advisers</p> <ul style="list-style-type: none"> The CSA is developing business conduct obligations and a registration regime for dealers and advisers in OTC derivatives, including OTC commodity derivatives. The former will provide protections for counterparties and clients of dealers and advisers, and the latter will include requirements relating to risk management and proficiency of dealers and advisers. Anticipated implementation of business conduct obligations by end-2020 and of the registration regime by H2 2022. <p>Margin Requirements for Non-Centrally Cleared OTC Derivatives</p> <ul style="list-style-type: none"> Covered entities will be required to exchange initial margin and variation margin in respect of non-centrally cleared OTC derivatives, including OTC commodity derivatives. Margin requirements reduce the build-up of counterparty risk in the OTC derivatives market. Anticipated implementation in 2020. <p>Regulation of Designated Benchmarks</p> <ul style="list-style-type: none"> The CSA is considering developing a framework for designating benchmarks and benchmark administrators, and for regulating designated benchmarks which may include designated commodity benchmarks. It is currently contemplated that the framework will incorporate the IOSCO Principles for Oil Price Reporting Agencies. Anticipated implementation by end 2021. 	<p>Taken together, the OTC derivatives regulatory reforms implemented since 2014 and currently in process improve transparency and enhance the ASC's ability to oversee and intervene in the OTC derivatives market, including the OTC commodity derivatives market.</p> <p>The regulation of designated commodity benchmarks will enhance the ASC's ability to oversee the commodity markets and address multi-market abuse where it is applicable.</p> <p>The regulatory initiatives identified above should enhance compliance with Principles 8, 9, 11, 15, 16.</p>

Jurisdiction	REGULATORY REFORMS AND DATE OF IMPLEMENTATION ⁴	IMPACT ON COMPLIANCE WITH PRINCIPLES
Canada: OSC	<p>Regulation of OTC Derivatives Dealers and Advisers</p> <ul style="list-style-type: none"> The CSA is developing business conduct obligations and a registration regime for dealers and advisers in OTC derivatives, including OTC commodity derivatives. The former will provide protections for counterparties and clients of dealers and advisers, and the latter will include requirements relating to risk management and proficiency of dealers and advisers. Anticipated implementation of business conduct obligations by end-2020 and of the registration regime by H2 2022. <p>Margin Requirements for Non-Centrally Cleared OTC Derivatives</p> <ul style="list-style-type: none"> Covered entities will be required to exchange initial margin and variation margin in respect of non-centrally cleared OTC derivatives, including OTC commodity derivatives. Margin requirements reduce the build-up of counterparty risk in the OTC derivatives market. Anticipated implementation in 2020. <p>Regulation of Designated Benchmarks</p> <ul style="list-style-type: none"> The CSA is considering developing a framework for designating benchmarks and benchmark administrators, and for regulating designated benchmarks which may include designated commodity benchmarks. It is currently contemplated that the framework will incorporate the IOSCO Principles for Oil Price Reporting Agencies. Anticipated implementation by end 2021. 	<p>Taken together, the OTC derivatives regulatory reforms implemented since 2014 and currently in process improve transparency and enhance the OSC's ability to oversee and intervene in the OTC derivatives market, including the OTC commodity derivatives market.</p> <p>The regulation of designated commodity benchmarks will enhance the OSC's ability to oversee the commodity markets and address multi-market abuse where it is applicable.</p> <p>The regulatory initiatives identified above should enhance compliance with Principles 8, 9, 11, 15, 16.</p>
China: CSRC	<p>The legislation of Futures Law is currently a work in progress, and these main issues are in discussion:</p> <ol style="list-style-type: none"> 1. Enlarge scope of regulatory to OTC market; 	<p>As the draft of Futures Law has not been completed, its impact on assessment of the compliance against specific</p>

Jurisdiction	REGULATORY REFORMS AND DATE OF IMPLEMENTATION ⁴	IMPACT ON COMPLIANCE WITH PRINCIPLES
	<p>2. Improve trading and clearing institution of futures market;</p> <p>3. Strengthen protection of investors; and</p> <p>4. Add regulations of cross-board trading.</p> <p>No definite date for implementation.</p>	<p>Principles is yet uncertain. It is expected that it will enhance the overall compliance with the Principles.</p>
Dubai: DFSA	<p>It has now been confirmed that the next UAE FATF ME will take place in the second half of 2019, and preparations have begun at a Federal level to coordinate the UAE’s response. The DFSA, as a stakeholder, is expected to contribute to this. Over the course of the last ten months, the DFSA has reviewed its AML regime (via a self-assessment process) to assess whether it meets the Recommendations set by FATF.</p> <p>Following the closing of the consultation in September 2018, we expect to enact further changes in regard to the rules around Client Due Diligence.</p> <p>Date of implementation: N/A.</p>	<p>Various notifications about suspicious market behaviour have been made to the DFSA following the introduction of the reporting requirement for firms. Continuing outreach and investor education efforts around the introduction of the Code has created more clarity and a deterrent effect to exchange members and their clients about the DFSA’s risk tolerance for market abuse.</p>
EU Member States ⁵	<p>EMIR II – The European Commission proposed a draft update of EMIR on 3 May 2017. The European Parliament voted on 12 June 2018 on its preferred version of the draft review. It is anticipated that a revised version of EMIR (EMIR II) will be available by the end of 2018. The final implementation date is currently not known. The revision aims to reduce the cost of compliance for small financial and non-financial entities, ensure transparency and sufficient access to clearing for certain counterparties and increase responsibility of clearing members.</p>	<p>These initiatives, when taken together, should further strengthen the following principles:</p> <p>Principle 1 – Accountability</p> <p>Principle 2 – Economic Utility</p> <p>Principle 3 – Correlation with Physical Market</p> <p>Principle 4 – Promotion of Price Convergence through Settlement Reliability</p> <p>Principle 5 – Responsiveness</p> <p>Principle 6 – Transparency</p> <p>Principle 7 – Framework for Undertaking Market Surveillance</p>

5 The U.K. FCA filed on behalf of the EU member states. Through the European Economic Area Agreement, Norway reported it is committed to implementing EU-directives and other regulations for the financial market.

Jurisdiction	REGULATORY REFORMS AND DATE OF IMPLEMENTATION ⁴	IMPACT ON COMPLIANCE WITH PRINCIPLES
	<p>SFTR – the Securities Financing Transaction Regulation. This aims to give transparency to regulators on the activity of lending commodities between market participants, by means of the reporting of the transaction and associated collateral to trade repositories. Final adoption of reporting standards is expected in Q4 2018. Implementation would therefore be in Q4 2019 (12 months after publication) for banks and six/twelve months later for other market participants.</p> <p>Date of Implementation:</p> <ul style="list-style-type: none"> ▪ EMIR – EU - Technical standards on OTC derivatives, reporting to trade repositories, requirements for trade repositories and CCPs entered into force on 16 August 2012. Full implementation 1 March 2017. EMIR entered into force in the EEA EFTA States on 1 July 2017. ▪ MAR & CSMAD (aka. MAD II) – EU adopted in July 2014 and entered into force on 3 July 2016. . In the EEA EFTA States, MAR will enter into force on a later stage, and legislation similar to CSMAD is implemented in Norway. ▪ MiFID II & MiFIR – EU - 3 January 2018, in Norway 1 January 2018. ▪ BMR – EU - entered into force on 30 June 2016, effective from 1 January 2018. In the EEA EFTA States, BMR will enter into force on a later stage. 	<p>Principle 8 – Monitoring, Collecting and Analysing Information</p> <p>Principle 9 – Authority to Access Information</p> <p>Principle 10 – Collection of Information on On-Exchange Transactions</p> <p>Principle 11 – Collection of OTC Information</p> <p>Principle 12 – Large Positions</p> <p>Principle 13 – Intervention Powers in the Market</p> <p>Principle 14 – Review of Evolving Practices</p> <p>Principle 15 – Rules and Compliance Programs</p> <p>Principle 16 – Framework for Addressing Multi-Market Abusive Trading</p> <p>Principle 17 – Powers and Capacity to Respond to Market Abuse</p> <p>Principle 18 – Disciplinary Sanctions Against Market Members</p> <p>Principle 19 – Disciplinary Sanctions Against Non-Members of the Market</p> <p>Principle 20 – Information Sharing</p> <p>Principle 21 – Commodity Derivatives Market Transparency</p> <p>Principle 22 – OTC Transparency</p>
Hong Kong: SFC	<p>In March 2018, the HKMA and the SFC jointly issued a consultation paper on enhancements to the OTC derivatives regulatory regime for Hong Kong to – (1) mandate the use of Legal Entity Identifiers for the reporting obligation, (2) expand the clearing obligation, and (3) adopt a trading determination process for introducing a platform trading</p>	<p>Hong Kong has commenced reporting on OTC commodity derivatives under phase 2 reporting which enhances compliance with the Principles.</p>

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	<p>obligation. Based on market feedbacks and subject to legislative process, the Hong Kong regulators will expand the scope of the products subject to clearing obligation to include certain standardised Australian Dollars IRS. Due to required legislative changes, the SFC does not anticipate the implementation timeline to be earlier than Q4 2019. The trading determination process has since been adopted in June 2018.</p>	
Japan: METI MAFF	August 2016.	<p>Notification of margin exchange for non-centrally cleared OTC derivatives by the amendment of Regulations of the Commodity Exchange Act: The risks that a default of one financial firm on one market could lead to further defaults of other financial institutions and such defaults impact other markets or even entire financial system are expected to decrease.</p>
Korea: FSC/FSS	<p>TR for OTC Derivatives FSC/FSS has designated the KRX as a preliminary consolidated TR (August 2015).</p> <p>FSC/FSS/KRX/BOK and other Associations prepared a draft amendment of Financial Investment Services and Capital Markets Act (FSCMA) (Feb 2016 ~ Feb 2018) For the rapid and flexible adoption of a consolidated TR, FSC proposed a new TR legislative by Regulations on Financial Investment Business(RFIB) and expected to be completed by end of 2018 (Dec 2018).</p>	TR requirement will increase transparency of OTC commodities derivatives and also allow the FSC/FSS to conduct surveillance, monitor and analyse the OTC commodities derivatives market effectively.
Malaysia: SC	The implementation of OTC derivatives transaction reporting shall start with a pilot phase. Selected entities with large OTC derivatives trades will form the first batch of reporting entities, starting with interest rate and currency for reportable underlying assets. The reporting of other assets (including commodities) will be implemented at a later stage after carrying out a post implementation review.	<p>The proposed reforms for OTC derivatives will strengthen the following principles:</p> <ul style="list-style-type: none"> • Principle 9(iv) – relating to OTC derivatives only and not physical commodity market • Principle 11(1) • Principle 13(ii)(h)

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	<p>As of to-date, the SC together with other regulatory agencies (the Central Bank of Malaysia and Malaysia Deposit Insurance Corporation) have finalised the reporting requirements.</p> <p>The regulatory agencies are now working closely with the selected entities for the pilot phase on understanding and improving the data requirements.</p> <p>There are provisions in place to enable OTC derivatives reporting. Reporting of OTC derivatives transactions will commence once the selected entities for the pilot phase are ready.</p>	
Mexico CNBV	No regulatory reform planned or in progress, to date.	<p>The CNBV conducted a self-assessment on Principle 36 of the IOSCO Objectives and Principles of Securities Regulation. In it, the critical Principles, 9 and 10 of the Principles for the Regulation and Supervision of Commodity Derivatives Markets were addressed, as follows:</p> <p>Principle 9. There are three authorities that, in the area of their competence, regulate the derivatives market. The Ministry of Finance (SHCP), Banco de México (Mexico's Central Bank) and the CNBV.</p> <p>All three authorities have supervisory powers, including the ability to require and review (on a non-routine basis) all types of ledgers and documentary or electronic records generated by the Exchanges, Brokers, Clearing Houses and Clearing Members, as the case may be, in the transactions carried out whether in the domestic market, or in Recognized Foreign Derivative Markets.</p> <p>Companies, as well as banks and brokerage firms must provide to any or all three authorities, the information, (on</p>

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		<p>a routine basis) relative to the transactions with derivative securities, in the terms established for that purpose by each authority.</p> <p>Brokers in OTC markets, (companies that manage systems to facilitate operations with securities) are obliged to provide the CNBV with the data, reports, records, minute books, auxiliary records, documents, correspondence and in general, the information deemed necessary in the form and terms indicated, as well as to allow access to its offices, premises and other facilities.</p> <p>Principle 10. Derivatives exchanges must have systems capable of recording in an orderly and complete manner the information of each transaction, in which the operator, clearing member, date and time of the order and its execution, price, volume of the transaction, class and type of derivatives contract, including those of global accounts.</p> <p>Derivatives exchanges must have information systems that, at the beginning of each session, discloses the closing price of the previous business day, as well as the number of open contracts of each derivatives contract, of real-time information on the transactions and positions originated in the trading session, identifying the type of derivatives contract, expiration date, market price and, if applicable, the settlement price, and information on the volume of daily transactions and historical data related to the operation of the different derivatives contracts.</p> <p>On the other hand, the Banco de México routinely collects on-exchange commodity derivatives transactions and has the capability to aggregate position holder information promptly in order to identify positions under common ownership and control.</p>

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Saudi Arabia: CMA	<p>The CMA will work on a comprehensive project to evaluate the establishment and determine the form of commodity markets and potential products. Furthermore, the project will describe the overall regulatory reforms necessary to establish such organized commodity markets.</p> <p>The timing for implementation of the IOSCO Principles will follow the comprehensive project.</p>	<p>Saudi Arabia has no organized commodity markets. New regulation focused on these markets would therefore be comprehensive and implementation of the IOSCO Principles will be addressed within the context of the future mandate to review commodity markets.</p>
Singapore: MAS	<p>Principle 6 - Transparency</p> <p>On 8 October 2018, MAS effected amendments to the Securities and Futures Act (Cap. 289) to, amongst others, provide MAS with regulatory oversight of commodity derivatives. Commodity derivatives were previously regulated under the Commodity Trading Act (Cap. 48A), administered by IE Singapore, a separate government agency in Singapore. Following the amendment of the Securities and Futures Act, information concerning the contract terms and conditions of commodity derivatives will be available to the MAS, as required under Principle 6.</p> <p>Principle 21 – Commodity Derivatives Market Transparency</p> <p>The full implementation of MAS' large trader reporting regime for commodities derivatives is in progress.</p> <p>Members are already reporting large trade positions to exchanges. Exchanges are monitoring and tracking large positions, and will query members on their large positions if there are any unusual large trade positions or trading activities that warrants closer scrutiny. In addition, concentration margins will be levied by clearing houses for participants with large positions.</p>	<p>The amendments made will strengthen compliance with Principles 6 and 21.</p> <p>In relation to Principle 21, the existing framework already addresses the risks associated with large positions. Exchanges are already aware of large positions on futures contracts and can take the necessary measures to mitigate potential market manipulation risks and credit risks that they face from such participants.</p> <p>Once MAS has agreed with market participants on the level of disclosures that they are comfortable with, the proposed amendments will provide transparency to market participants within the bounds of maintaining trader confidence, thereby further strengthening compliance with this principle.</p>

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	<p>In terms of publication of large trader reports, MAS has consulted the industry on the specific data fields that should be published, subsequent to the collection of these reports. A key concern of market participants that emerged in the initial round of feedback was trader confidentiality, and alignment with requirements in other jurisdictions that market participants have a presence in. Due to the strength of the views raised, we are considering all feedback carefully in order to determine what sort of information can be published that would not compromise trader confidence, particularly given the thin trading of certain contracts in our markets.</p> <p>The large trader reporting regime, including publication of reports, is targeted to be effective in 2019.</p>	
Switzerland: FINMA	<p>Already in force as per January 1st, 2016.</p> <p>Financial Market Infrastructures Act (FMIA) and Financial Market Infrastructure Ordinance (FMIO), came into force on 1st January 2016:</p> <ul style="list-style-type: none"> • Harmonised pre- and post-trade transparency requirements • Trade Reporting Obligation: all OTC and exchange-traded derivative contracts must be reported to Trade Repositories by counterparties • Clearing obligation: Certain eligible OTC derivative contracts must be cleared through Central Counterparties (the relevant types of OTC derivatives have been determined by FINMA: https://www.finma.ch/en/news/2018/05/20180516-mm-finfrav-finma/) • Trading obligation: Certain to be defined eligible OTC derivative contracts must be traded via a trading venue or a trading facility 	<p>The FMIA / FMIO had a positive impact on compliance with the Principles. The following specific aspects are highlighted with regard to derivatives trading:</p> <ul style="list-style-type: none"> • Increased accountability also for non-financial institutions by the review of audit firms and introduction of criminal sanctions in case of infringements against derivatives regulation • Increased transparency by the introduction of derivatives reporting duties • Increased monitoring capacities and eased access for authorities by using trade repository data with regard to derivatives for the purposes of supporting the market surveillance <p>Non-financial institutions (especially small non-financial institutions) reported operational difficulties to introduce the derivatives reporting duties with regard to IT projects and timeline.</p>

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	<ul style="list-style-type: none"> • OTC derivatives not cleared through a CCP must be subject to risk mitigation techniques and margin requirements <p><i>The above mentioned regulation further strengthened the following Principles:</i></p> <p>Principle 1 – Accountability Principle 6 – Transparency Principle 7 – Framework for Undertaking Market Surveillance Principle 8 – Monitoring, Collecting and Analyzing Information Principle 9 – Authority to Access Information Principle 10 – Collection of Information on On-Exchange Transactions Principle 11 – Collection of OTC Information Principle 12 – Large Positions Principle 15 – Rules and Compliance Programs Principle 16 – Framework for Addressing Multi-Market Abusive Trading Principle 17 – Powers and Capacity to Respond to Market Abuse Principle 21 – Commodity Derivatives Market Transparency.</p> <p>Already in force as per 1st January 2016.</p>	
Turkey: CMB	<p>There is an ongoing project to enforce the participants to report the information related to the OTC derivatives contracts routinely to the Central Security Depository of Turkey (CSD) which is authorized as trade repository. The Regulation on Principles of Foundation, Activities, Operations and Audit of Trade Repository is published and entered into force in 19.09.2018. According to this regulation CMB and other related authorities have direct access to TR data.</p>	Principles 9, 11 and 22.

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	The communiqué related to trade reporting obligation of derivatives is expected to enter into force in October 2018. Reporting obligation fully compatible with EMIR regulation is planned to start with all asset classes as of the date of November 30th of 2018. On the other hand, Turkish CSD has been collecting comprehensive OTC derivatives transactions data since September 2018.	
UAE: SCA	SCA is undertaking a project for identification of systemically important financial institutions (SIFI) and financial market infrastructures in line with setting up of a Financial Stability Committee in UAE (of which SCA shall be a member). SCA will further undertake developing a recovery & resolution regime for such institutions in collaboration with Central Bank of UAE.	Implementation of the new regulations on Commodities CCP assists in mitigating the clearing and settlement risk inherent in commodity based futures trading. Compliance with the IOSCO Principle on Commodity Derivative Markets related to settlement reliability would be strengthened through these regulations.
US: CFTC	Not applicable	Not applicable