Basel Committee on Banking Supervision
BANK FOR INTERNATIONAL SETTLEMENTS

OICU-IOSCO

Press release

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BCBS/IOSCO statement on the final implementation phases of the *Margin requirements for non-centrally cleared derivatives*

Significant progress has been made to implement the framework for margin requirements for non-centrally-cleared derivatives. Based on monitoring of the implementation of the framework across products, jurisdictions and market participants, the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) today provide the following guidance to support timely and smooth implementation of the framework and clarify its requirements.

- The Basel Committee and IOSCO realise that market participants may need to amend derivatives contracts in response to interest rate benchmark reforms. Amendments to legacy derivative contracts pursued solely for the purpose of addressing interest rate benchmark reforms do not require the application of the margin requirements for the purposes of the BCBS/IOSCO framework, although the position may be different under relevant implementing laws.
- In the remaining phases of the framework's implementation in 2019 and 2020, initial margin requirements will apply to a large number of entities for the first time, potentially involving documentation, custodial and operational arrangements. The Basel Committee and IOSCO note that the framework does not specify documentation, custodial or operational requirements if the bilateral initial margin amount does not exceed the framework's €50 million initial margin threshold. It is expected, however, that covered entities will act diligently when their exposures approach the threshold to ensure that the relevant arrangements needed are in place if the threshold is exceeded.

The Basel Committee and IOSCO will continue to monitor the effect of meeting the final stage of phase-in, scheduled for 2020.