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International Organization of Securities Commissions
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Comments on Consultative Report on Recovery and resolution of FMIs

In July 2012, the CPSS and IOSCO released their consultative document Recovery and resolution of financial market infrastructures with a request that any comments be provided by 28 September 2012. These comments, in PDF format, are now available on the IOSCO website at <http://www.iosco.org/library/index.cfm?section=pubdocs&publicDocID=388>.

Financial market infrastructures (FMIs) play an essential role in the global financial system. The disorderly failure of an FMI can lead to severe systemic disruption if it causes markets to cease to operate effectively. Accordingly, all types of FMIs should generally be subject to regimes and strategies for recovery and resolution.

The CPSS-IOSCO Principles for financial market infrastructures (Principles) published in April 2012 require that FMIs have effective strategies, rules and procedures to enable them to recover from financial stresses. The Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes) published in October 2011 further require that jurisdictions establish resolution regimes to allow for the resolution of a financial institution in circumstances where recovery is no longer feasible. An effective resolution regime must enable resolution without systemic disruption or exposing the taxpayer to loss. To achieve this in the context of FMIs, relevant authorities must have powers to maintain an FMI's critical services.

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The purpose of the report Recovery and resolution of financial market infrastructures is to outline the issues that should be taken into account for different types of FMIs when putting in place effective recovery plans and resolution regimes that are consistent with the Principles and Key Attributes.

Published alongside the report was a cover note that lists specific issues on which the committees sought comments during the public consultation period, which ended on 28 September 2012.