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Press release

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International committees complete the April 2015 workplan on central counterparty resilience, recovery and resolvability

The Financial Stability Board (FSB), the Committee on Payments and Market Infrastructures (CPMI), the International Organization of Securities Commissioners (IOSCO) and the Basel Committee on Banking Supervision (BCBS) today published three guidance documents and two reports as part of their joint workplan on central counterparty (CCP) resilience, recovery and resolvability.

CCPs are an increasingly important part of the financial system, particularly following post-crisis reforms to mandate central clearing of standardised over-the-counter derivatives. To fully realise the benefits of CCPs, it is vital that they are subject to strong regulatory, oversight and supervisory requirements. In April 2015 the four committees agreed a joint workplan to coordinate international policy issues related to CCPs.

The three guidance documents published today mark the completion of the key substantive priorities set out in the workplan:

- [CCP resilience guidance](#) – CPMI and IOSCO are providing further guidance on the Principles and Key Considerations of the *Principles for financial market infrastructures* (PFMI) regarding financial risk management for CCPs, in particular on governance, credit and liquidity stress testing, coverage, margin, and a CCP's contributions of its financial resources to losses.
- [CCP recovery guidance](#) - CPMI and IOSCO have updated their 2014 guidance on recovery for financial market infrastructures to provide clarifications in four areas: (i) operationalisation of recovery plans; (ii) replenishment of financial resources; (iii) non-default related losses; and (iv) transparency with respect to recovery tools and how they would be applied.

- [CCP resolution guidance](#) –the FSB has finalised guidance which complements the FSB *Key Attributes of Effective Resolution Regimes* by providing guidance on implementing the *Key Attributes* in resolution arrangements for CCPs. The guidance sets out powers for resolution authorities to maintain the continuity of critical CCP functions; details on the use of loss allocation tools; and steps authorities should take to establish crisis management groups for relevant CCPs and develop resolution plans.

The Committees also published two joint reports:

- [Interdependencies study](#) –the BCBS, CPMI, FSB and IOSCO have completed their first joint comprehensive data collection covering 26 CCPs from 15 jurisdictions that analyses the interdependencies between CCPs and their clearing members and other financial service providers. The network relationships analysed in this report are generally characterised by a core of highly connected CCPs and financial institutions and a periphery of less highly connected CCPs and financial institutions. Financial resources provided to CCPs are concentrated at a small number of CCPs and exposures to CCPs are concentrated among a small number of institutions. The study will help guide further work on CCP resolution. By the end of 2018 an assessment will be made of the value of regular data collections from CCPs to support authorities' understanding of CCP interdependencies.
- [Implementation report](#) – The Chairs of the FSB Standing Committee on Supervisory and Regulatory Cooperation (“FSB SRC”), the FSB Resolution Steering Group (“FSB ReSG”), CPMI, IOSCO, and BCBS provide an update on the work undertaken to complete the key substantive priorities set out in the joint workplan. They also report on the establishment of crisis management groups for CCPs that are systemically important in more than one jurisdiction and set out new actions, including further work on CCP interdependencies and on the financial resources needs of CCPs in resolution and treatment of CCP equity in resolution. Based on further analysis and experience gained in resolution planning, the FSB will determine by end-2018 whether there is a need for additional guidance on financial resources for CCPs in resolution.