



Press release

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CPSS-IOSCO issue consultative report on the recovery and resolution of financial market infrastructures

The Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO) have today published for public comment a consultative report on the *Recovery and resolution of financial market infrastructures*.

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 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.

The purpose of the report released today 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*. The report also seeks consultees' views on a number of technical points related to these issues.

Paul Tucker, Deputy Governor, Financial Stability of the Bank of England and CPSS Chairman said, "The vital role of the financial system's infrastructure makes it essential that credible recovery plans and resolution regimes exist. FMIs need to be a source of strength and continuity for the financial markets they serve."

"This is even more important as a safeguard given the commitment made by G20 Leaders in 2009 that all standardised OTC derivatives should be cleared through central counterparties," added Masamichi Kono, Vice Commissioner for International Affairs, Financial Services Agency, Japan and Chairman of the IOSCO Board.



Amongst its conclusions, the report states that the *Key Attributes* will provide a framework for resolution of FMIs under a statutory resolution regime.

Published alongside the report is a cover note that lists the specific issues on which the committees seek comments during the public consultation period.

Comments on the report are invited from all interested parties and should be sent by **28 September 2012** (see note 1 below). After the consultation period, CPSS-IOSCO will report on how the methodology for assessing compliance with the *Key Attributes*, currently being prepared by the Financial Stability Board, should be revised to reflect FMI-specific elements taking into account the conclusions of this report and the comments received.

Notes

1. Comments on the report should be sent by **28 September 2012** to both the CPSS secretariat (cpss@bis.org) and the IOSCO secretariat (fmiresolution@iosco.org). The comments will be published on the websites of the BIS and IOSCO unless commentators have requested otherwise.
2. The CPSS serves as a forum for central banks to monitor and analyse developments in payment and settlement arrangements as well as in cross-border and multicurrency settlement schemes. The CPSS secretariat is hosted by the BIS. More information about the CPSS, and all its publications, can be found on the BIS website at www.bis.org/cpss.
3. IOSCO is an international policy forum for securities regulators. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns.
4. Both committees are recognised as international standard-setting bodies by the Financial Stability Board (www.financialstabilityboard.org)
5. The documents are on the websites of the BIS at <http://www.bis.org/publ/cpss103.htm> and IOSCO at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD388.pdf>.
6. The CPSS-IOSCO *Principles for financial market infrastructures*, can be found on the websites of the BIS at <http://www.bis.org/publ/cpss101.htm> and IOSCO at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf>.
7. The Financial Stability Board's *Key attributes of effective resolution regimes for financial institutions* can be found on the FSB's website at http://www.financialstabilityboard.org/publications/r_111104cc.pdf.