Basel Committee on Banking Supervision
BANK FOR INTERNATIONAL SETTLEMENTS

OICU-IOSCO
International Organization of Securities Commissions

Press release

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Basel Committee and IOSCO issue revisions to implementation schedule of margin requirements for non-centrally cleared derivatives

The Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO) today released revisions to the framework for margin requirements for non-centrally cleared derivatives. The revised framework is available on the websites of the Bank for International Settlements and IOSCO.

The framework was originally published in September 2013, after two public consultations. Recognising the complexity of implementing the framework, the Basel Committee and IOSCO have agreed to (i) delay the implementation of requirements to exchange both initial margin and variation margin by nine months; and (ii) adopt a phase-in arrangement for the requirement to exchange variation margin.

Relative to the 2013 framework, the revisions published today delay the beginning of the phase-in period for collecting and posting initial margin on non-centrally cleared trades from 1 December 2015 to 1 September 2016. The full phase-in schedule has been adjusted to reflect this nine-month delay. The revisions also institute a six-month phase-in of the requirement to exchange variation margin, beginning 1 September 2016. These changes are summarised in the table below.

Consistent with their mandate, the Basel Committee and IOSCO will continue to monitor progress in implementation to ensure consistent implementation across products, jurisdictions and market participants. This includes monitoring domestic rule-making as well as considering guidance on the validation and backtesting of models for margining.

The Basel Committee and IOSCO will also liaise with industry as market participants continue their work to develop initial margin models that will be required to comply with the margin requirements. This engagement will help ensure that emerging quantitative initial margin models are consistent with the framework but will not provide an explicit review or approval of any initial margin model.

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Summary of changes to the implementation of the margin requirements for non-centrally cleared derivatives

	September 2013 framework	March 2015 revisions
Initial margin		
Covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds:		
€3.0 trillion	1 December 2015 to 30 November 2016 (based on average notional amounts for June, July and August 2015)	1 September 2016 to 31 August 2017 (based on average notional amounts for March, April and May 2016)
€2.25 trillion	1 December 2016 to 30 November 2017 (based on average notional amounts for June, July and August 2016)	1 September 2017 to 31 August 2018 (based on average notional amounts for March, April and May 2017)
€1.5 trillion	1 December 2017 to 30 November 2018 (based on average notional amounts for June, July and August 2017)	1 September 2018 to 31 August 2019 (based on average notional amounts for March, April and May 2018)
€0.75 trillion	1 December 2018 to 30 November 2019 (based on average notional amounts for June, July and August 2018)	1 September 2019 to 31 August 2020 (based on average notional amounts for March, April and May 2019)
Covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds €8 billion	From 1 December 2019 onwards (based on average notional amounts for June, July and August of that year)	From 1 September 2020 onwards (based on average notional amounts for March, April and May that year)
Variation margin		
Covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds €3 trillion	1 December 2015	1 September 2016
All other covered entities		1 March 2017