



## Press release

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### **CPMI and IOSCO begin first “Level 3” PFMI Principles assessment**

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) announced today that they have started the first Level 3 assessment of the implementation of the Principles for financial market infrastructures (PFMI), the international standards for financial market infrastructures (FMIs). This review will examine consistency in the outcomes of PFMI Principles implementation and is part of the CPMI-IOSCO's monitoring of full, timely and consistent implementation of the PFMI.

The review will focus on a subset of requirements under the PFMI that relate to financial risk management by central counterparties (CCPs) including certain practices related to governance, stress-testing, margin, liquidity, collateral, and recovery. This first review will consider outcomes achieved in this area by examining a number of globally- and locally-active CCPs that clear derivative products (both exchange traded and over-the-counter (OTC)).

Beyond the aim of fostering full and consistent implementation of the PFMI, the first Level 3 Principles assessment is also expected to inform CPMI and IOSCO about the nature and potential causes of variations in approaches or outcomes.

A report presenting the results of this first Level 3 assessment is expected to be published in 2016.

#### **Notes**

1. The Committee on Payment and Settlement Systems (CPSS) changed its name to the Committee on Payments and Market Infrastructures (CPMI) on 1 September 2014. The CPMI promotes the safety and efficiency of payment, clearing, settlement and related arrangements, thereby supporting financial stability and the wider economy. The CPMI secretariat is hosted by the BIS. More information about the CPMI, and all its publications, can be found on the BIS website at <http://www.bis.org/cpmi>.
2. 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. See [www.iosco.org](http://www.iosco.org).



3. Both committees (CPMI and IOSCO) are recognised as international standard-setting bodies by the Financial Stability Board ([www.financialstabilityboard.org](http://www.financialstabilityboard.org)).
4. The April 2012 CPSS-IOSCO Principles for financial market infrastructures can be found on the websites of the BIS at [www.bis.org/publ/cpss101.htm](http://www.bis.org/publ/cpss101.htm) and IOSCO at [www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf](http://www.iosco.org/library/pubdocs/pdf/IOSCOPD377.pdf).
5. CPMI and IOSCO are monitoring PFMI implementation according to a three-level framework: a Level 1 assessment of the status of the implementation process; a Level 2 assessment of the completeness of the implemented framework and its consistency with the PFMI; and a Level 3 assessment of the consistency in outcomes of such frameworks. Further details on the CPMI-IOSCO implementation monitoring of the PFMI, including a list of published Level 1 and Level 2 reports, are available at: [http://www.bis.org/cpmi/info\\_mios.htm?m=3%7C16%7C599](http://www.bis.org/cpmi/info_mios.htm?m=3%7C16%7C599).
6. CPMI and IOSCO are currently examining the completeness and consistency of frameworks and outcomes (combined Level 2 and Level 3) arising from jurisdictions' implementation of the Responsibilities for authorities included in the PFMI. This exercise is well progressed and a report presenting the results is expected to be published later this year.
7. As announced in March 2015, CPMI and IOSCO have also started a review of CCP stress-testing (see: <http://www.bis.org/press/p150311.htm> and <http://www.iosco.org/news/pdf/IOSCONEWS372.pdf>). Results from the first Level 3 PFMI assessment will complement and help inform this work.