Press release

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BCBS-CPMI-IOSCO finalise analysis of margining practices during the March 2020 market turmoil

- Global standard setters publish a report on margin practices, highlighting the need for further policy work.
- The report presents a data-driven analysis examining margin calls in March and April 2020 and the extent to which market participants were prepared to meet them.
- The report recommends further policy work in six areas.

The Basel Committee on Banking Supervision (BCBS), the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) (the standard setters) today published the report *Review of margining practices.*

The report feeds into the Financial Stability Board's work programme to enhance the resilience of the non-bank financial intermediation sector. It looks at margin calls during the high market volatility and "dash for cash" in March and April 2020. It also reviews margin practices transparency, predictability and volatility across various jurisdictions and markets, as well as market participants' preparedness to meet margin calls.

The report builds on the consultative report *Review of margining practices* published in October 2021, which in particular was based on surveys of central counterparties (CCPs), clearing members and broker-dealers, clients (ie entities that participate in these markets through an intermediary) and regulatory authorities, and other data analyses. It takes into account the feedback received on the consultative report, including through a series of stakeholders outreach events, confirming that:

- Variation margin calls in both centrally and non-centrally cleared markets in March were large, and significantly higher than in February 2020. The peak CCP variation margin call was $140 billion on 9 March 2020.
- Initial margin requirements for centrally cleared markets increased by roughly $300 billion over March 2020, and varied substantially across, and within, asset classes.
- Initial margin requirements on non-centrally cleared derivatives remained relatively stable during the stress period.

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A summary of the feedback received has been published alongside the report.

On the back of the analysis, and taking into account feedback from industry, the report confirms six areas for further policy work on:

- Increasing transparency in centrally cleared markets.
- Enhancing the liquidity preparedness of market participants as well as liquidity disclosures.
- Identifying data gaps in regulatory reporting.
- Streamlining variation margin processes in centrally and non-centrally cleared markets.
- Evaluating the responsiveness of centrally cleared initial margin models to market stresses, with a focus on impacts and implications for CCP resources and the wider financial system.
- Evaluating the responsiveness of non-centrally cleared initial margin models to market stresses.

Notes to editors:

Margin is collateral and funds that are collected to protect against future or current risk exposures resulting from market price changes or in the event of a counterparty default.