

## Press release

Press enquiries: +41 61 280 8188  
press.service@bis.org  
www.bis.org

18 March 2005

---

### **Joint Forum issues report on credit risk transfer**

The Joint Forum has released today the final version of its report on credit risk transfer (CRT). This follows consultations on a draft issued last October.

The main innovation in the report since the release of the consultative draft is the addition of an annex listing questions that supervisors of CRT market participants might consider as part of their supervisory activities. This addition reflects the industry's request for more information on the approach that supervisory authorities might be expected to take in their assessment of market participants' risk management of CRT activities.

Market participants provided direct feedback on the consultative draft during a Joint Forum roundtable discussion in London late last year. The many constructive comments provided by roundtable participants or sent directly to the Joint Forum secretariat contributed significantly to an improved final report. A summary of the issues raised during the consultation period is outlined in the report.

Gay Huey Evans, Chair of the Joint Forum and Director of Markets at the Financial Services Authority, said today: "The market for credit derivatives is developing rapidly. While the report is clear these developments hold benefits for market efficiency, there are also important risk management issues that warrant the full attention of market participants and regulators. In this context, the Joint Forum report on CRT has three important functions: 1) it provides insight into the implications of credit risk transfers for financial stability; 2) it makes recommendations for market participants' CRT risk management practices; and 3) it is a reference tool to help interested parties better understand this increasingly complex market. We urge firms and regulators to make full use of the report".

The report is available on the websites of the Bank for International Settlements ([www.bis.org](http://www.bis.org)), IOSCO ([www.iosco.org](http://www.iosco.org)) and the IAIS ([www.iaisweb.org](http://www.iaisweb.org)).

The Joint Forum was established in 1996 under the aegis of the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS), to deal with issues common to the banking, securities and insurance sectors, including the regulation of financial conglomerates.