



OICU-IOSCO

12 August 2013

Cover note to the CPSS-IOSCO consultative report on *Recovery of financial market infrastructures*

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

The report provides guidance to FMIs on how to develop plans to enable them to recover from threats to their viability and financial strength that might prevent them from continuing to provide critical services to their participants and the markets they serve.

The report supplements the CPSS-IOSCO *Principles for financial market infrastructures* (PFMI), the international standards for financial market infrastructures (FMIs) published in April 2012. It does not create additional standards for FMIs but it does provide guidance on how FMIs can observe the requirements in the PFMI that they have effective recovery plans. The report is also consistent with the Financial Stability Board's *Key attributes of effective resolution regimes for financial institutions*, published in October 2011.

The report has been produced in response to comments received on the July 2012 CPSS-IOSCO report on *Recovery and resolution of financial market infrastructures* that requested more guidance on what recovery tools would be appropriate for FMIs.

The report contains an executive summary on pages 1 and 2.

CPSS and IOSCO request comments on the content of the consultative report and in particular on the following points:

1. The guidance related to recovery plans and recovery planning.
2. The guidance related to recovery tools.
3. The guidelines used to judge the appropriateness of recovery tools.
4. The impact of recovery tools on direct participants and indirect participants.
5. The description of the pros and cons of specific recovery tools, including the manageability and controllability of the exposures associated with each recovery tool.
6. The discussion of incentives created by specific tools.
7. The completeness and appropriateness of the set of recovery tools to address participant default and liquidity shortfalls discussed in the report.
8. The completeness and appropriateness of the set of recovery tools to address losses not created by participant default discussed in the report.

Additionally, if there are any tools that have not been addressed by this report that should be considered, please describe such tools, along with their advantages and disadvantages. Similarly, if there are any additional areas where further guidance is needed, please describe such areas and what further guidance would be helpful.

Comments should be sent by **11 October 2013** to cpss@bis.org and fmirecovery@iosco.org. After the consultation period, CPSS and IOSCO will publish a final version of the report taking into account the comments received.