

CPMI-IOSCO consultation on updated guidance and public disclosures to implement initial margin proposals

Summary

The BIS Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) are seeking comments on proposed amendments to the 2017 CPMI-IOSCO *Resilience of central counterparties (CCPs): further guidance on the PFMI – final report*¹ (CCP resilience guidance) and to the 2015 CPMI-IOSCO *Public quantitative disclosure standards for central counterparties*² (PQDs).

The purpose of these amendments is to incorporate relevant proposals from the final BCBS-CPMI-IOSCO report *Transparency and responsiveness of initial margin in centrally cleared markets*³ (Final IM report), published in January 2025, into the CCP resilience guidance and the PQDs. The proposed amendments are not intended to create additional standards for CCPs beyond those set out in the *Principles for Financial Market Infrastructures*⁴ (PFMI); they provide clarity on acceptable approaches to observing the PFMI without prescribing what is necessarily the only way to achieve observance.

Background

In September 2022, the Basel Committee on Banking Supervision (BCBS), CPMI and IOSCO Margin Group (the Margin Group) published the *Review of margining practices*⁵ (the Phase 1 report).

This followed the Covid-19 market turmoil of March 2020, which was the most significant test of the resilience of financial markets since the Great Financial Crisis of 2007–09. The objective was to examine whether – and, if so, to what extent – margin calls in March 2020 were unexpectedly large in centrally and non-centrally cleared derivatives and securities markets. The analysis encompassed both initial margin (IM) and variation margin and considered several dimensions, including clearing member-client dynamics, transparency in margin practices, predictability of margin calls and market volatility.

¹ See CPMI-IOSCO, *Resilience of central counterparties (CCPs): further guidance on the PFMI – final report*, July 2017, www.bis.org/cpmi/publ/d163.htm and www.iosco.org/library/pubdocs/pdf/IOSCOPD568.pdf.

² See CPMI-IOSCO, *Public quantitative disclosure standards for central counterparties*, February 2015, www.bis.org/cpmi/publ/d125.htm and www.iosco.org/library/pubdocs/pdf/IOSCOPD475.pdf.

³ See *Final report: Transparency and responsiveness of initial margin in centrally cleared margin – review and policy proposals*, January 2025, www.bis.org/bcbs/publ/d590.htm and www.iosco.org/library/pubdocs/pdf/IOSCOPD783.pdf.

⁴ See CPSS-IOSCO, *Principles for financial market infrastructures*, April 2012, www.bis.org/cpmi/publ/d101.htm and www.iosco.org/library/pubdocs/pdf/ioscopd377-pfmi.pdf. The PFMI are the international standards for financial market infrastructures, and the principles apply to all systemically important payment systems (PS), central securities depositories (CSDs), securities settlement systems (SSS), central counterparties (CCPs) and trade repositories (TRs) (collectively FMIs). The CPMI and IOSCO set forth the principles to enhance the safety and efficiency of FMIs and, more broadly, to limit systemic risk and foster transparency and financial stability.

⁵ BCBS-CPMI-IOSCO, *Review of margining practices*, September 2022, www.bis.org/bcbs/publ/d537.htm and www.iosco.org/library/pubdocs/pdf/IOSCOPD714.pdf.

Following a consultative report published in October 2021, the Phase 1 report summarised data and key findings and confirmed the need for further margin work on policy proposals under six separate themes, in a second phase of work.

The Margin Group then commenced work on two of these six policy themes: transparency and issues related to the responsiveness of centrally cleared IM. The Margin Group's consultative report *Transparency and responsiveness of initial margin in centrally cleared markets – review and policy* set forth 10 policy proposals related to these two themes, and the Final IM report was published in January 2025.

The Final IM report noted that the relevant standard-setting bodies would consider how best to implement the proposals. For proposals 1–8, the relevant standard-setting bodies are CPMI and IOSCO.

The CPMI and IOSCO consider that the most appropriate way to implement the proposals is through targeted additions to the CCP resilience guidance and the PQDs.

CCP resilience guidance

The purpose of the CCP resilience guidance is to provide guidance on the principles and key considerations in the PFMI regarding financial risk management for CCPs. The guidance reflects a more detailed and granular expression of how CCPs should approach implementation of several key aspects of the PFMI to further improve CCP resilience. These key aspects are governance, stress testing for both credit and liquidity exposures, coverage, margin and the contribution of a CCP's financial resources to losses. The detail and granularity of the guidance should be understood in the context of the principles-based approach reflected in the PFMI, which recognises CCPs' differing organisational approaches, functions and designs as well as acceptable approaches to observing the principles.

Given the scope of the CCP resilience guidance and overlap with that of the Final IM report, notably on governance and transparency relating to margin, it is appropriate and efficient to implement proposals 1–4 and 7–8 through targeted additions to the CCP resilience guidance. These additions are to the introduction (1.1.17) and sections 2.2.7, 2.2.14, 2.2.22, 2.2.23 and 5.2.42, complemented by a new annex providing additional detail on proposals 1–4 and 7–8, consistent with the Final IM report. They are shown in tracked changes in the accompanying consultative document.

As with the current CCP resilience guidance, the amendments provide clarity on acceptable ways – without prescribing what is necessarily the only way – of observing the PFMI. Each CCP, in conjunction with the authorities responsible for its regulation, supervision and oversight, should carefully take into account the guidance in this report when developing its approach to observing the PFMI.

Public quantitative disclosure standards for central counterparties

Principle 23 of the PFMI states FMIs should “provide sufficient information to enable participants to have an accurate understanding of the risks, fees and other material costs they incur by participating in the FMI”. Quantitative data are important components of the set of public disclosures that FMIs are expected to provide as part of observing the PFMI. The PQDs, which complement the *Disclosure framework for financial market infrastructures* published by the Committee on Payment and Settlements Systems (CPSS)⁶ and IOSCO in December 2012, set out the public quantitative disclosure standards that CCPs are expected to meet. They do so by establishing a common set of “basic data” on transaction volumes and values and a common minimum set of quantitative information on the financial condition, financial resources and performance of a CCP.

⁶ The Committee on Payment and Settlement Systems (CPSS) changed its name to the BIS Committee on Payments and Market Infrastructures (CPMI) on 1 September 2014.

Given proposals 5 and 6 specifically relate to CCP disclosures, it is appropriate and efficient to implement them through amendments to the PQDs. These are to the introduction, section 6, the explanatory notes and Annex 1. They are shown in tracked changes in the accompanying consultative document.

CPMI-IOSCO would encourage CCPs to implement the changes to the PQDs within 12 months of publication of the final report.

Consultation

The proposals in the Final IM report were published in January 2025 following extensive analysis and public consultation. The CPMI and IOSCO invite comments on the draft additions that would incorporate the proposals into the 2017 *Resilience of central counterparties (CCPs): further guidance on the PFMI* and the 2015 *Public quantitative disclosure standards for central counterparties* documents by 30 June 2026.

Responses should be sent via email to the Secretariats of the CPMI and IOSCO (cpmi@bis.org; margin@iosco.org). Responses will be published on the websites of the BIS and IOSCO unless respondents expressly request otherwise. Commercial, personal or other sensitive information should not be included in the submissions, or may be included, with redactions for publication clearly noted.