

SMI Markets: Global

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CPSS-IOSCO Issue New Report on Principles for FMIs

Further to our previous newsflash, following the consultation launched back in March 2011, the Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO) have issued a final report on principles for financial market infrastructures.

The report contains new and more demanding international standards for payment, clearing and settlement systems. These new standards strengthen and harmonise the old three sets of standards (CPSIPS; 2001, RSSS; 2001 and RCCP; 2004) by raising minimum requirements, providing more detailed guidance and broadening the scope of the standards to cover new risk-management areas and new types of financial market infrastructures (FMIs). The new standards introduce new or more requirements in important areas such as:

- The financial resources and risk management procedures an FMI uses to cope with the default of participants;
- The mitigation of operational risk;
- The links and other interdependencies between FMIs through which operational and financial risks can spread;
- Achieving the segregation and portability of customer positions and collateral;
- Tiered participation; and
- General business risk.

In addition to the above standards, CPSS-IOSCO have released two related papers for public consultation. The first of the documents is an assessment methodology that can be used to assess whether an FMI is observing the new principles, while the other one is a disclosure framework setting out the information that FMI should publish in order to be transparent about the risks of using the FMI.

Comments on the above two documents can be sent by 15 June 2012, while final versions of the above papers are expected to be published later in 2012.

It should also be noted that CPSS and IOSCO together with the Financial Stability Board, are also preparing guidance for designing resolution regimes for FMIs, planned to be finalised in the coming months.

More information can be found in the press release here: [CPSS-IOSCO issue new standards for financial market infrastructures](#).

Market Information Impact

Global

This newsflash is for information only.

Related Flash: [CPSS/IOSCO Consultative Report on Principles for FMIs, 11/03/2011 \(click to view\)](#)

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