

**OTC Derivatives Regulators' Forum**  
**Scope and Relationship with International Bodies**  
**23 March, 2010**

The purpose of this document is to clarify the scope of the OTC Derivatives Regulators' Forum (Forum) and its role within the international regulatory community of committees and standard-setting bodies.

**Scope**

The OTC Derivatives Regulators' Forum brings together representatives from central banks, prudential supervisors, securities regulators and market regulators (collectively, "Authorities") to discuss issues of common interest, regarding OTC derivatives CCPs and TRs. The Forum provides mutual assistance among the Authorities in carrying out their respective responsibilities with respect to OTC derivatives CCPs and TRs. In doing so, the Forum acts without prejudice to each Authority's statutory duties, and to national and otherwise applicable laws. Furthermore, the Forum is not a legal entity in its own right with its own separate and independent authority, nor is it a standard setting body.

In particular, the Forum's scope and focus include:

- Information sharing/needs
  - The Forum provides an environment for Authorities to exchange views and share information related to OTC derivatives CCPs and TRs on a regular basis. This promotes awareness of relevant developments across jurisdictions and encourages open communication among the Authorities.
  - The Forum also coordinates to articulate the information needs of the regulatory community and the public from OTC derivatives CCPs and TRs. This has included considering and developing common reporting templates and formats, articulating specific expectations, and considering mechanisms for data reporting.
- Oversight coordination and cooperation
  - The Forum promotes consistent public policy objectives and oversight approaches for OTC derivatives CCPs and TRs. The Forum facilitates the development of cooperative oversight arrangements for individual OTC derivatives CCPs and TRs, as appropriate. These oversight arrangements are established and managed by the primary regulator(s) of the individual market infrastructure, but their development is supported by the Forum. This allows for the consideration of various perspectives while fostering an open and transparent process for all Forum participants in the development of the arrangements.
  - The Forum strives to promote consistent standards, such as the CPSS-IOSCO Recommendations for Central Counterparties in setting oversight and supervisory expectations. This does not mean that the Forum will develop its own standards or provide guidance interpreting standards, but rather, the Forum supports the application and implementation of standards set by other bodies in the international regulatory community.
  - The Forum also seeks to effectively deal with common issues collectively and consistently, where appropriate. This may include discussing practical experiences in regulating, supervising and overseeing OTC derivatives CCPs and TRs and associated policy issues to the extent appropriate.

### **Forum Authority and Decision Making**

The Forum derives its strength from each participant's independent and voluntary decision to participate in and support the work of the Forum. Each member of the Forum ultimately reports to the head of his/her respective organization, and participates accordingly. The Forum's effectiveness in achieving its objectives stems from its ability to find common ground for collective work that is supported by the senior management, and ultimately head of the organization, of the participants in the Forum.

The Forum is not a body that makes decisions that would be binding on the participating Authorities. Through the Forum's discussions and work, common views and consensus approaches may be formed, which are then carried forward by each participating Regulator pursuant to their respective authorities. The Forum intends for its efforts to be consistent with the activities of and decisions made by the Authorities. The value of the Forum is that it can promote common awareness of issues and approaches to manage them. To the extent that participating authorities all determine independently to adopt or apply common approaches, the group contributes to greater consistency across jurisdictions.

The Forum itself does not regulate or oversee any individual OTC derivatives CCP or TR. Indeed, it is the primary regulator(s) that are responsible for the supervision and oversight of the respective OTC derivative market infrastructures. In general, the Forum will contact individual OTC derivatives CCPs and TRs indirectly via the relevant regulator(s); where direct contact is deemed desirable, the Forum will inform the relevant regulator(s), whenever possible in advance of the contact. The activities and discussions of the Forum do not prejudice the roles and responsibilities of the primary regulators. However, the activities and discussions of the Forum can inform primary regulators as they implement and execute their respective responsibilities.

### **Relationship with other International Regulatory Forums and Standard-Setting Bodies**

The Forum is not a body for formulating regulation or policy. It is not a standard setting body and does not provide guidance on interpreting standards. The Forum's work is intended to be complementary with the mandates, responsibilities and focus of other international committees and groups that bring together public authorities and their efforts. To achieve this objective, the Forum will coordinate its efforts with other standing international bodies. In addition, the Forum will inform or assist these other groups on matters that relate to OTC derivatives CCPs and TRs as warranted. Box 1 (on the following page) highlights a number of the international regulatory forums and standard-setting bodies that are likely to have relevant agendas and potential interactions with the Forum. The Forum will keep these groups up-to-date with information about the progress of any specific work it is planning or undertaking that is of relevance to them, as well as informing them more generally of its work. In addition, as work from the Forum is finalized, the Forum will inform other international regulatory bodies to the extent the information is relevant or would be of interest to them.

The Forum also may provide assistance in bringing certain matters to the attention of other appropriate international forums and standard-setting bodies. There may be situations where the Forum has an interest in a particular matter and regulatory consensus would be valuable, however, the Forum may not be the most appropriate venue to reach such conclusions or is unable to reach consensus. In such situations, the issues identified by the Forum can be brought to the attention of another international forum or standard-setting body. The nature of the matter being discussed will determine which is the most appropriate body to be consulted.

**Box 1: International Regulatory Forums and Standard-Setting Bodies**

- Basel Committee on Banking Supervision – The Basel Committee provides a forum for regular cooperation on banking supervisory matters. Its objective is to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide, and provide guidance on banking supervisory matters. ([www.bis.org/bcbs](http://www.bis.org/bcbs))
- Committee on Payment and Settlement Systems (CPSS) – The CPSS is a standard setting body for payment and securities settlement systems. It serves as a forum for central banks to monitor and analyze developments in domestic payment, settlement and clearing systems as well as in cross-border and multicurrency settlement schemes. ([www.bis.org/cpss](http://www.bis.org/cpss))
- The Financial Stability Board (FSB) – The FSB addresses vulnerabilities and develops and implements strong regulatory, supervisory and other policies in the interest of financial stability. ([www.financialstabilityboard.org](http://www.financialstabilityboard.org))
- International Organization of Securities Commissions (IOSCO) – IOSCO is recognized as the international standard setter for securities markets. IOSCO promotes standards of regulation, exchanges information, and provides mutual assistance for its members to promote the integrity of the market. ([www.iosco.org](http://www.iosco.org))

There may also be areas where international forums and standard-setting bodies see merits in having information from the Forum. In such situations they can provide information to the Forum on areas of specific regulatory interests and fields in which they deem work of the Forum can be helpful. The Forum can respond to the requesting bodies on relevant work carried out on these matters.

Examples of the relationship between the OTC Derivatives Regulators' Forum and other international regulatory forums and standard setting bodies include:

- Financial Stability Board (FSB): The Forum may help to meet the OTC derivatives related policy objectives that are set forth as priorities by the FSB.
- Basel Committee on Banking Supervision: Work from the Forum, particularly on supervisory matters that relate broadly to OTC derivatives CCPs and TRs, may help inform policy positions or decisions of the Basel Committee.
- CPSS-IOSCO:
  - The Forum is considering potential issues and challenges associated with local participants accessing global market infrastructures. This may result in analysis that could be helpful to the CPSS and IOSCO as they undertake a broad review of international standards for financial market infrastructures.
  - The CPSS and Technical Committee of IOSCO are developing guidance on the application of the Recommendations for Central Counterparties to OTC derivatives CCPs and considerations for TRs. Once these documents are issued, the Forum would be an appropriate vehicle for supporting the implementation of the guidance.

The Forum may also coordinate with other groups focused on OTC derivatives issues, such as:

- OTC Derivatives Supervisors Group (ODSG): While not a formal standing international regulatory body, the prudential supervisors of the major OTC derivatives dealers work together as the ODSG to oversee and coordinate major industry initiatives in the OTC derivatives market. The ODSG has worked cooperatively with the major industry participants to establish global trade repositories for several OTC derivatives asset classes.

The Forum, which has broader representation, is now working to articulate the regulatory community's information needs from the global trade repositories.