

## Press release

17 January 2023

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BCBS-IOSCO report sets out recommendations for good margin practices in non-centrally cleared markets

- BCBS-IOSCO publish a report on streamlining variation margin processes and the responsiveness of initial margin models in non-centrally cleared markets.
- The report sets out eight recommendations to encourage the implementation of good market practices but does not propose any policy changes to the BCBS-IOSCO frameworks.
- The recommendations address challenges that could inhibit a seamless exchange of margin and collateral calls in stress periods and highlight good practices for making the Standard Initial Margin Model (SIMM) more responsive to extreme market shocks.

The Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) today published a [\*Report on streamlining VM processes and IM responsiveness of margin models in non-centrally cleared markets\*](#), which sets out recommendations for good market practices to enhance market functioning. Interested parties are invited to comment on this report.

In September 2022 the BCBS, the BIS Committee on Payments and Market Infrastructures and IOSCO published a [\*Review of margining practices\*](#). Today's consultative report articulates the policy analyses work carried out by the BCBS-IOSCO in two areas discussed in that report: (i) exploring the need to streamline variation margin processes in non-centrally cleared markets; and (ii) investigating the responsiveness of initial margin models in non-centrally cleared markets.

The consultative report sets out eight recommendations to encourage the widespread implementation of good market practices but does not propose any policy changes to the BCBS-IOSCO frameworks.

The first four recommendations aim to address challenges that could inhibit a seamless exchange of variation margin during a period of stress. The other four recommendations

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highlight good practices for market participants to smoothly implement initiatives to ensure the calculation of initial margin is consistently adequate for contemporaneous market conditions. It then proposes that supervisors should monitor whether these developments are sufficient to make this model responsive enough to extreme market shocks.

The Committee and IOSCO invites submissions on the proposals, which should be submitted by email to [baselcommittee@bis.org](mailto:baselcommittee@bis.org), and [margin@iosco.org](mailto:margin@iosco.org) by 17 April 2024. All comments will be published on the Bank for International Settlements and IOSCO website unless a respondent specifically requests confidential treatment.