Initiatives of International standard setting bodies on providing additional guidance on PFMI

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*Any views expressed in this presentation are those of the presenter and not necessarily those of the BIS*
Principles for Financial Market Infrastructures

**International standards** for PSs that are systemically important, CSDs, SSSs, CCPs, and TRs

Updates, harmonizes, and strengthens previous risk-management standards

Outlines revised responsibilities of relevant authorities in regulating, supervising, and overseeing FMIs
Principles focused on safety and efficiency of design and operations

**General organization**
Principle 1: Legal basis
Principle 2: Governance
Principle 3: Framework for the comprehensive management of risks

**CSDs and exchange-of-value settlement systems**
Principle 11: CSDs
Principle 12: Exchange-of-value settlement systems

**Access**
Principle 18: Access and participation requirements
Principle 19: Tiered participation
Principle 20: FMI links

**Credit and liquidity risk management**
Principle 4: Credit risk
Principle 5: Collateral
Principle 6: Margin
Principle 7: Liquidity risk

**Default management**
Principle 13: Participant-default rules and procedures
Principle 14: Segregation and portability

**Efficiency**
Principle 21: Efficiency and effectiveness
Principle 22: Communication procedures and standards

**Settlement**
Principle 8: Settlement finality
Principle 9: Money settlements
Principle 10: Physical deliveries

**General business and operational risk management**
Principle 15: General business risk
Principle 16: Custody and investment risks
Principle 17: Operational risk

**Transparency**
Principle 23: Disclosure of rules, key procedures, and market data
Principle 24: Disclosure of market data by TRs

**Interactions** between the principles
## Philosophy of the PFMI

<table>
<thead>
<tr>
<th>Principles based</th>
<th>Different ways</th>
<th>Holistic</th>
<th>Minimum standards</th>
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<td>The principles are broad because FMIs differ significantly in organisation, function and design.</td>
<td>The PFMI recognises that an FMI can achieve a particular result in different ways.</td>
<td>Apply holistically because of the significant interaction and complementarity between the 24 principles.</td>
<td>Jurisdictions have the flexibility to consider imposing higher requirements for FMIs.</td>
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The PFMI “ecosystem”

- Disclosure framework and assessment methodology (2012)
- Critical service providers (2014)
- Additional quantitative disclosures (2015)
- Application of PFMI to central bank FMIs (2015)
- Recovery and resolution (2014/2017)
- Cyber resilience in FMIs (2016)
- Stress testing frameworks (2018)
- Resilience of CCPs (2017)
- PFMI (2012)
Overview of regulatory landscape

- **BIS**
  - IAIS
  - BCBS
  - IOSCO

- **G20 CENTRAL BANKS**
  - CGFS
  - CPMI

- **IMF/World Bank**
  - Joint Forum

- **FSB**
FMIs are critical to the functioning of the economy and should be subject to robust risk management.

The PFMI are the international risk-management standards for FMIs and applies in all member jurisdictions.

Global regulatory convergence and coordination are indispensable to achieve consistency and to avoid cross-border distortions.

Enhancing the cooperation of authorities and the sharing of information is a pre-condition to foster financial stability.
Thank you

More information at http://www.bis.org/cpmi/