

MEMO# 29453

October 29, 2015

ICI Global Submits Comment Letter to Monetary Authority of Singapore on Margin Requirements for Uncleared Derivatives

[29453]

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TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 77-15
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 53-15
INTERNATIONAL MEMBERS No. 37-15
SECURITIES OPERATIONS ADVISORY COMMITTEE RE: ICI GLOBAL SUBMITS COMMENT LETTER TO MONETARY AUTHORITY OF SINGAPORE ON MARGIN REQUIREMENTS FOR UNCLEARED DERIVATIVES

ICI Global submitted a comment letter in response to a policy consultation paper issued by the Monetary Authority of Singapore (“MAS”) on proposals to implement margin requirements for non-centrally cleared OTC derivatives. [\[1\]](#) The policy proposals will be followed by draft regulations on which MAS will separately consult after considering feedback on the Consultation Paper. The Consultation Paper is generally consistent with the international final policy framework establishing minimum standards for margin requirements for non-centrally cleared derivatives adopted by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions. A copy of the letter is attached.

The letter focuses on MAS’ proposal to require its regulated entities to only collect margin from their foreign counterparties rather than to exchange margin on a bilateral basis (>i>i.e., U.S. regulated funds would be required to post margin to MAS regulated entities but MAS regulated entities would not be required to post margin to U.S. regulated funds). The letter urges MAS to amend this aspect of the policy proposals because this approach would be inconsistent with the international standards on margin requirements for uncleared derivatives and would minimize the benefits of universal two-way margining as a method of reducing counterparty risk and the buildup of systemic risk.

Jennifer S. Choi

Associate General Counsel

George Gilbert
Counsel

[Attachment](#)

endnotes

[1] Policy Consultation on Margin Requirements for Non-Centrally Cleared OTC Derivatives, Oct. 1, 2015, available at <http://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Consultation%20Papers/Policy%20Consultation%20on%20Margin%20Requirements%20for%20NonCentrally%20Cleared%20OTC%20Derivatives%201Oct.pdf> (“Consultation Paper”). For a summary of the policy consultation paper, see ICI Memorandum No. 29421 (Oct. 12, 2015), available at <https://www.iciglobal.org/iciglobal/pubs/memos/memo29421>.

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