

MEMO# 29426

October 16, 2015

Draft ICI Global Letter to Monetary Authority of Singapore on Margin Requirements for Uncleared Derivatives; Member Feedback Requested by Friday, October 23

[29426]

October 16, 2015

TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 74-15
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 49-15
INTERNATIONAL COMMITTEE No. 56-15
SECURITIES OPERATIONS ADVISORY COMMITTEE RE: DRAFT ICI GLOBAL LETTER TO
MONETARY AUTHORITY OF SINGAPORE ON MARGIN REQUIREMENTS FOR UNCLEARED
DERIVATIVES; MEMBER FEEDBACK REQUESTED BY FRIDAY, OCTOBER 23

As previously reported, the Monetary Authority of Singapore (“MAS”) published a policy consultation paper 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.

ICI Global’s draft comment letter is attached for your review. If you have any comments on the draft letter, please send them to Jennifer Choi at jennifer.choi@ici.org by Friday, October 23.

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.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

[Attachment](#)

endnotes

[1] See ICI Memorandum No. 29421 (Oct. 12, 2015), available at <https://www.iciglobal.org/iciglobal/pubs/memos/memo29421>. 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”).

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