

MEMO# 28842

March 19, 2015

Basel Committee and IOSCO Issue Revisions to Implementation Schedule of Margin Requirements for Non-Centrally Cleared Derivatives

[28842]

March 19, 2015

TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 8-15
DERIVATIVES MARKETS ADVISORY COMMITTEE No. 17-15
ICI GLOBAL MEMBERS No. 14-15
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 12-15
INTERNATIONAL MEMBERS No. 12-15
REGISTERED FUND CPO ADVISORY COMMITTEE
SEC RULES MEMBERS No. 18-15 RE: BASEL COMMITTEE AND IOSCO ISSUE REVISIONS TO IMPLEMENTATION SCHEDULE OF MARGIN REQUIREMENTS FOR NON-CENTRALLY CLEARED DERIVATIVES

On March 18, the Basel Committee on Banking Supervision (“BCBS”) and the Board of the International Organization of Securities Commissions (“IOSCO”) released revisions to the implementation schedule of the margin requirements for non-centrally cleared derivatives. [\[1\]](#) In September 2013, the BCBS and IOSCO issued their final policy framework that established minimum standards for margin requirements for non-centrally cleared derivatives after two rounds of consultations. [\[2\]](#)

In recognition of the complexity of implementing the framework, the BCBS and IOSCO have determined to delay the implementation of both the initial margin and variation margin requirements by nine months and to adopt a phase-in arrangement for the variation margin requirement as requested by commenters, including ICI and ICI Global. Therefore, the BCBS and IOSCO have delayed the beginning of the phase-in period for the exchange of initial margin on non-centrally cleared derivatives from December 1, 2015 to September 1, 2016. The BCBS and IOSCO also have adopted a six-month phase-in of the requirement to exchange variation margin, beginning September 1, 2016. These changes are summarised in the table below.

Summary of changes to the implementation of the margin requirements for non-centrally cleared derivatives

September 2013 framework

March 2015 revisions

Initial margin

Covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds:

€3.0 trillion 1 December 2015 to 30 November 2016
(based on average notional amounts for June, July and August 2015)

1 September 2016 to 31 August 2017
(based on average notional amounts for March, April and May 2016)

€2.25 trillion 1 December 2016 to 30 November 2017
(based on average notional amounts for June, July and August 2016)

1 September 2017 to 31 August 2018
(based on average notional amounts for March, April and May 2017)

€1.5 trillion 1 December 2017 to 30 November 2018
(based on average notional amounts for June, July and August 2017)

1 September 2018 to 31 August 2019
(based on average notional amounts for March, April and May 2018)

€0.75 trillion 1 December 2018 to 30 November 2019
(based on average notional amounts for June, July and August 2018)

1 September 2019 to 31 August 2020
(based on average notional amounts for March, April and May 2019)

Covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds €8 billion From 1 December 2019 onwards
(based on average notional amounts for June, July and August of that year)

From 1 September 2020 onwards
(based on average notional amounts for March, April and May that year)

Variation margin

Covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds €3 trillion
1 December 2015

1 September 2016 All other covered entities 1 March 2017

Jennifer S. Choi
Associate General Counsel

endnotes

[1] Margin Requirements for Non-Centrally-Cleared Derivatives, Basel Committee on Banking Supervision and Board of the International Organization of Securities Commissions, March 2015, available at <http://www.bis.org/bcbs/publ/d317.htm>.

[2] Margin Requirements for Non-Centrally-Cleared Derivatives, Basel Committee on Banking Supervision and Board of the International Organization of Securities Commissions, September 2013, available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD423.pdf> (“BCBS/IOSCO Final Margin Policy Framework”). For a summary of the BCBS/IOSCO Final Margin Policy Framework, see ICI Memorandum No. 27543 (Sept. 5, 2013), available at http://www.ici.org/my_ici/memorandum/memo27543.

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