

MEMO# 28468

October 16, 2014

ICI Global Submits Comment Letter in Response to IOSCO's Proposed Risk Mitigation Standards for Non-Centrally Cleared OTC Derivatives

[28468]

October 16, 2014

TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 69-14

ICI GLOBAL MEMBERS No. 43-14

INTERNATIONAL COMMITTEE No. 35-14 RE: ICI GLOBAL SUBMITS COMMENT LETTER IN RESPONSE TO IOSCO'S PROPOSED RISK MITIGATION STANDARDS FOR NON-CENTRALLY CLEARED OTC DERIVATIVES

On October 16, ICI Global submitted a comment letter to the International Organization of Securities Commissions ("IOSCO") in response to its initial policy proposals to establish risk mitigation standards for non-centrally cleared OTC derivatives. [\[1\]](#) A copy of the comment letter is attached.

The letter generally agrees that the risk mitigation techniques described in the Consultation Report could help reduce risks to counterparties engaged in OTC derivatives transactions, the OTC derivatives markets, and the financial markets more generally. The letter recommends, however, that IOSCO provide more detailed guidance on how the rules of different jurisdictions on risk mitigation techniques would apply to cross-border transactions. The letter warns that, if there is not sufficient guidance provided to national regulators, regulators may take differing approaches to how they will regulate cross-border transactions and may impose duplicative and/or conflicting requirements. In addition, the letter suggests that IOSCO expressly recognize that the timetable for implementation should reflect the technological and practical challenges to which market participants will be subject. The letter urges IOSCO to adopt compliance dates that would not cause unnecessary disruptions to the markets.

Jennifer S. Choi
Senior Associate Counsel Securities Regulation

[Attachment](#)

endnotes

[1] Risk Mitigation Standards for Non-centrally Cleared OTC Derivatives, IOSCO (Sept. 2014), available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD450.pdf> (“Consultation Report”). For a summary of the Consultation Report, see ICI’s Memorandum No. 28378 (Sept. 18, 2014), available at http://www.ici.org/my_ici/memorandum/memo28378.

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