

A Clearer Path Ahead? New Survey on Incentives to Centrally Clear OTC Derivatives

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The Financial Stability Board, Basel Committee on Banking Supervision, Committee on Payments and Market Infrastructures and International Organization of Securities Commissions [announced](#) late last week a survey focusing on the effects of post-crisis regulatory reforms on incentives to centrally clear over-the-counter (OTC) derivatives.

The G20 agreed in 2009 to promote clearing of standardized OTC derivatives. In the years since, however, many market participants have found that a number of post-crisis reforms have in fact disincentivized clearing. As a result, the FSB and other international standard-setting bodies announced earlier this year a joint study of clearing incentives, which is expected to culminate in a report in late 2018. The study is expected to review the incentives created by, and the interactions between, margin requirements for uncleared derivatives, the measurement of exposures for cleared and uncleared derivatives under the Basel III risk-based capital framework, and the treatment of cleared derivatives under the Basel III leverage ratio (SLR in the United States) and the liquidity coverage ratio. The newly announced survey will provide the G20 organizations with information from clearing members, clients and clearinghouses to inform this study.

The deadline for survey responses is January 26, 2018.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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