

## CPMI-IOSCO implementation monitoring of the Principles for financial market infrastructures (PFMI)

### Core documents

- [\*Principles for financial market infrastructures - \(16 April 2012\)\*](#) (see [press release](#))
- [\*Disclosure framework and Assessment methodology \(14 December 2012\)\*](#) (see [press release](#))

### Reports

CPMI-IOSCO Implementation monitoring reports	
Level 1 assessment	<a href="#">Level 1 online tracker</a>
Level 2 assessment	<a href="#">Australia</a> , <a href="#">Brazil</a> , <a href="#">Canada</a> , <a href="#">European Union</a> (2015), <a href="#">Hong Kong SAR</a> , <a href="#">Japan</a> (2015), <a href="#">Singapore</a> , <a href="#">Switzerland</a> , <a href="#">Turkey</a> , <a href="#">United States</a> (2019), <a href="#">United States</a> (2015)
Level 3 assessment	<ul style="list-style-type: none"> <li>- <a href="#">Financial risk management and recovery practices of 10 derivatives CCPs</a></li> <li>- <a href="#">Follow-up Level 3 assessment of CCPs' recovery planning, coverage of financial resources and liquidity stress testing</a></li> <li>- <a href="#">FMIs' business continuity planning</a></li> <li>- <a href="#">Financial Market Infrastructures' Cyber Resilience</a></li> </ul>
Combined Level 2-3 assessment	<a href="#">Assessment and review of application of Responsibilities for authorities</a>

### Overview of the CPMI-IOSCO implementation monitoring work

In April 2012, the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) the *Principles for financial market infrastructures* (PFMI). The principles within the PFMI (the Principles) set expectations for the design and operation of key financial market infrastructures (FMIs) to enhance their safety and efficiency and, more broadly, to limit systemic risk and foster transparency and financial stability.

The Principles apply to all systemically important payment systems (PSs), central securities depositories (CSDs), securities settlement systems (SSSs), central counterparties (CCPs) and trade repositories (TRs) (collectively FMIs). These FMIs collectively clear, settle and record transactions in financial markets.

In line with the G20's expectations, CPMI and IOSCO members have committed to implement and apply the PFMI in their respective jurisdictions. Full, timely and consistent implementation of the PFMI is fundamental to ensuring the safety and soundness of key financial market infrastructures and for supporting the resilience of the global financial system. Hence, following the publication of the PFMI, the CPMI and IOSCO agreed to monitor their implementation (through the Implementation Monitoring Standing Group or IMSG) in 28 jurisdictions that are members of the Financial Stability Board (FSB), the CPMI or IOSCO. These jurisdictions include both developed and growth and emerging markets.

## 28 participating jurisdictions

Argentina	Germany	Russia
Australia	Hong Kong SAR	Saudi Arabia
Belgium	India	Singapore
Brazil	Indonesia	South Africa
Canada	Italy	Spain
Chile	Japan	Sweden
China	Korea	Switzerland
European Union	Mexico	Turkey
France	the Netherlands	United Kingdom
		United States



The implementation monitoring programme is proceeding at three levels (Level 1, Level 2, and Level 3), which are briefly discussed below.

### Level 1– jurisdiction’s self-evaluation

Assessment of whether a jurisdiction has completed the PROCESS of adopting the regulatory framework (legislation, regulations, and other policies – “implementation measures”) that will enable it to implement the Principles and Responsibilities. The assessment involves the use of the following ratings (see the reports for a complete description):

Rating	
4	Final implementation measures in force.
3	Final implementation measures published.
2	Draft implementation measures published.
1	Draft implementation measures not published.
NA	No implementation measures are needed

Until 2018, the Level 1 information was published through annual assessment reports. However, at its meeting in October 2017, the CPMI-IOSCO Steering Group (SG) decided to discontinue the publication of formal Level 1 assessment reports after the Fifth Updated Report (which was published in July 2018). Instead, in [March 2019](#), the IMSG started to publish the *Level 1 online tracker* on the CPMI and IOSCO websites, inviting the 28 participating jurisdictions to update their information at any time during the year.

- **Level 1 online tracker**
  - (as of January 2023) – [link](#)
  - (as of January 2022) – [link](#)
  - (as of January 2021) – [link](#)
  - (as of January 2020) – [press release](#)
  - (as of January 2019) – [press release](#)
- Previous updates to the Level 1 report:
  - **Fifth update** (23 July 2018) – [View Report](#) and [press release](#)
  - **Fourth update** (14 July 2017) – [View Report](#) and [press release](#)
  - **Third update** (28 June 2016) – [View Report](#) and [press release](#)
  - **Second update** (11 June 2015) – [View Report](#) and [press release](#)
  - **First update** (28 May 2014) – [View Report](#) and [press release](#)
  - Level 1 Assessment Report, (12 August 2013) – [View Report](#) and [press release](#)

## Level 2 – peer review

Assessment of whether the CONTENT of the implementation measures is complete and consistent with the Principles and Responsibilities. The assessment involves the use of the following ratings (see the reports for a complete description):

Rating	
<b>Consistent</b>	Implementation measures are “complete and consistent” with the PFMI
<b>Broadly consistent</b>	Implementation measures with gaps and/or shortcomings that have a minor impact
<b>Partly consistent</b>	Implementation measures with gaps and/or shortcomings that have a significant impact
<b>Not consistent</b>	Implementation measures with gaps and/or shortcomings that have a major impact
<b>N.A.</b>	No implementation measures needed (ie not applicable)

On 31 May 2019, CPMI-IOSCO published the [PFMI Level 2 implementation database](#), which is a repository of all Level 2 assessments completed to date. This database will be updated as new Level 2 assessments are completed. The Level 2 PFMI implementation database is an online data repository of jurisdictions' implementation measures and associated CPMI- IOSCO assessment principle ratings. The Level 2 PFMI implementation database facilitates:

- searching the information by: jurisdiction, FMI type, Principle, Key Consideration, Rating at Principle level;
- comparing such information across jurisdictions, across FMI types, and across Principles.
- Understanding the use of the database through a tutorial video on how to use the Level 2 PFMI implementation database.

In 2019, the IMSG also developed a Level 2 Handbook to assist the assessment teams in the Level 2 assessment process.

## Level 2 reports:

Jurisdiction	FMI type coverage
<ul style="list-style-type: none"> <li>• <b>Australia</b> (published on 17 December 2015) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>Brazil</b> (published on 3 November 2020) – <a href="#">View Report</a> – <a href="#">view press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>Canada</b> (published on 2 August 2018) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>European Union</b> (published on 26 February 2015) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	CCPs and TRs
<ul style="list-style-type: none"> <li>• <b>Hong Kong SAR</b> (published on 24 May 2017) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>Japan</b> (published on 26 February 2015) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	CCPs and TRs
<ul style="list-style-type: none"> <li>• <b>Singapore</b> (published on 18 July 2017) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>Switzerland</b> (published on 30 January 2019) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>Turkey</b> (published on 6 July 2022) - - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	All FMI types
<ul style="list-style-type: none"> <li>• <b>United States</b> (published on 31 May 2019) – <a href="#">View Report</a> – <a href="#">view press release</a></li> </ul>	PSs and CSDs/SSSs
<ul style="list-style-type: none"> <li>• <b>United States</b> (published on 26 February 2015) - <a href="#">View Report</a> and <a href="#">press release</a></li> </ul>	CCPs and TRs

### Level 3 - thematic, peer-benchmarking

Assessment of whether there is consistency in the OUTCOMES of implementation of the Principles and Responsibilities.

Level 3 assessments do not use formal ratings of observance, but rather an identification of Consistency of outcomes which are described as:

- “Issue of concern”: an identified gap or shortcoming in FMIs’ outcomes of implementation relative to standards under the relevant Principle or Key Consideration that needs to be addressed.
- “Serious issue of concern”: an identified gap or shortcoming in FMIs’ outcomes of implementation relative to standards under the relevant Principle or Key Consideration, but one that needs to be addressed with the highest priority.

Level 3 assessments also include (other) observations when referring to the Explanatory Notes in the PFMI and the Guidance. The “observations” and “other observations” relate to differences in the outcomes of implementation across FMIs (rather than consistency with the PFMI).

#### Level 3 reports:

Level 3 report	FMI type coverage
• <i>Level 3 assessment on Financial Market Infrastructures’ Cyber Resilience</i> (29 Nov 2022) – <a href="#">View report</a> and <a href="#">press release</a>	All FMI types
• <i>Level 3 assessment of FMIs’ business continuity planning</i> (21 July 2021) – <a href="#">View report</a> and <a href="#">press release</a>	All FMI types
• <i>Follow-up Level 3 assessment of CCPs’ recovery planning, coverage of financial resources and liquidity stress testing</i> (3 May 2018) - <a href="#">View Report</a> and <a href="#">press release</a>	CCPs
• <i>Level 3 assessment – Report on the financial risk management and recovery practices of 10 derivatives CCPs</i> (16 Aug 2016) - <a href="#">View Report</a> and <a href="#">press release</a>	CCPs

### Combined Level 2/Level 3

For the Responsibilities, the IMMSG has combined the L2 and L3 assessments into a single exercise. The IMMSG focused therefore on both the measures taken by the relevant authority to fulfil the Responsibilities – including its powers and the framework and processes in place to meet the requirements under the Responsibilities (L2) – and how these measures translated into observed outcomes (L3).

Level 2 / Level 3 combined report for Responsibilities	Coverage
• <i>Assessment and review of application of Responsibilities for authorities</i> (30 November 2015) - <a href="#">View Report</a> and <a href="#">press release</a>	Authorities

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