Compendium of International Organisations' Practices

Working Towards More Effective International Instruments

OECD
BETTER POLICIES FOR BETTER LIVES

Snapshots of IO Practices

Joint Monitoring of the Implementation of the Principles for Financial Market Infrastructures

Organisation(s): International Organization of Securities Commissions (IOSCO), Committee on Payments and Market Infrastructures (CPMI)

The Snapshots of IO Practices present examples of specific efforts undertaken by an international organisation to work towards more effective international instruments. They aim to highlight examples of practices within the five focus areas of the Partnership of International Organisations for Effective International Rulemaking (IO Partnership), namely the variety and development of international instruments, their implementation, evaluation, ensuring stakeholder engagement, and co-ordination among IOs. The snapshots are submitted by the secretariats of the relevant international organisations implementing the relevant practice. The practices were compiled by the OECD Secretariat and focal points of the IO Partnership (UNCITRAL, OIE, WHO, ISO, WCO, BIPM, and SIECA), with a brief review to ensure consistency and comparability of the information provided within the snapshots. The inclusion of a practice in these snapshots implies no endorsement or assessment of that practice on the part of the OECD Secretariat or the focal points of the IO Partnership.

1	Overview of the Practice	Answers	Comments and intersections
1.1	Organisation	International Organization of Securities Commissions (IOSCO). Committee on Payments and Market Infrastructures (CPMI)	
1.2	Area of relevance among the IO partnership focus themes (variety of instruments, implementation, stakeholder engagement, evaluation, co-ordination)	Co-ordination (in monitoring activity).	
1.3	Name of the Practice	IOSCO and the Committee on Payments and Market Infrastructures (CPMI) jointly monitor the implementation of the Principles for Financial Market Infrastructures (PFMI), to ensure their full, timely and consistent application. This is achieved through an implementation monitoting program that includes, among other supporting tools, a Level 1 online tracker and a Level 2 PFMI implementation database	
1.4	Name of person(s) completing the template	Josafat De Luna Martinez (j.deluna@iosco.org)	

2	Description of the Practice	Answers	Comments and intersections
2.1	Please describe the practice shortly, providing information on its core features.	IOSCO and the CPMI are two internationally recognised Standard Setting Bodies (SSBs). IOSCO and the CPMI have some common topics or areas of work, such as the PFMI, and therefore they have agreed to co-ordinate in a formal and structured way, including for the monitoring of the implementation of the PFMI. For this purpose, IOSCO and the CPMI have set up an Implementation Monitoring Standing Group (IMSG) to monitor the implementation of the PFMI (which is made up by 24 Principles and 5 Responsibilities) in 28 member jurisdictions (Argentina, Australia, Belgium, Brazil, Canada, Chile, China, the European Union, France, Germany, Hong Kong SAR, India, Indonesia, Italy, Japan, Korea, Mexico, the Netherlands, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States). The implementation monitoring assessment program comprises three phases of assessment: (i) Level 1, to assess whether jurisdictions have completed the process of adopting the legislation, regulations and other policies that will enable them to implement the Principles and Responsibilities; (ii) Level 2, to assess whether the content of such legislation, regulations and policies ("implementation measures") is complete and consistent with the Principles and Responsibilities; and (iii) Level 3, to assess whether there is consistency in the outcomes of the implementation of the Principles and Responsibilities. For each level of assessment there is an assessment metho. In order to facilitate and expedite the assessment work, the IMSG has developed different supporting tools, including a Level 1 online tracker and a Level 2 PFMI implementation database.	In addition to the public version of the L2v2l 2 database, there is a nonpublic version which is available only to the IMSG and Assessment Teams. Such non-public version provides further details and information supporting the conclusions of the assessment reports and the respective ratings.

The Level 1 online tracker shows the jurisdictions' self-reported progress on the implementation of the PFMI for all financial market infrastructure (FMI) types: systemically important payment systems (PSs), central securities depositories (CSDs), securities settlement systems (SSSs), central counterparties (CCPs), and trade repositories (TRs). This tool allows jurisdictions to report their progress at any point in time during the year. Prior to adopting this tool, the IMSG used annual Level 1 reports to assess the progress made by jurisdictions.

The Level 1 online tracker presents:

• a general description of the Level 1 rating methodology.

• a tracker on the self-reported responses for the Principles (since 2013 up to the current year);

• a table summarising the jurisdictions'' self-reported responses for the Principles and a table summarising the jurisdictions' self-reported responses for four of the Responsibilities;

• world maps showing, with different colours, the progress made by jurisdictions.

The Level 2 PFMI implementation database is an online data repository of jurisdictions' implementation measures and associated CPMI and IOSCO assessment principle ratings. It complements the Level 2 assessment reports on the extent to which jurisdictions' implementation measures are complete and consistent with the international standards for PSs, CSDs, SSSs, CCPs and TRs. The Level 2 PFMI implementation database facilitates

• searching the information by jurisdiction, by FMI type, by Principle or Key Consideration, by 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.

2.2	What are the objectives of the practice?	• Facilitate the jurisdictions' and the general public's understanding of the CPMI-IOSCO IMSG implementation monitoring work; • Publicise and transparent the international monitoring efforts made by IOSCO and the CPMI; • Complement the Level 1 and Level 2 assessment reports.	
2.3	What have been the key results of the practice?	CPMI and IOSCO members have committed to adopting the principles and responsibilities contained in the PFMI in line with the G20 expectations. In this vein, the Level 1 online tracker and the Level 2 PFMI implementation database, as supporting tools, have contributed to the streghtehing of the co-ordinated and joint work conducted by IOSCO and the CPMI in this common area of responsibility; the Level 1 online tracker and the Level 2 PFMI implementation database have also encouraged the active participation of jurisdicitons in the international implementation of the PFMI; and these tools have also facilitated the jurisdictions' understanding of the PFMI and the related requirements and expectations under such international standards.	
2.4	In what year was the practice introduced?	The Level 1 online tracker was introduced on 14 March 2019. Previouly, Level 1 reports were publish on annual basis. The Level 2 PFMI implementation database was introduced on 31 May 2019. However, the Level 2 reports continue to be published as soon as a Level 2 assessment is completed.	
2.5	Has the practice been updated/reformed since then? If yes, when and how has it evolved over time?	No, the Level 1 online tracker and the Level 2 PFMI implementation database have not been reformed, as they are relatively new. However, both of them have been updated with new information as different jurisdictions have updated their information on the Level 1 online tracker and different jurisdictions have undergone Level 2 assessments (Level 2 PFMI implementation database).	

2.6	What do you consider to be the primary strengths of the practice?	• Keep informed the participating jurisdictions, interested stakeholders, and the public on the progress made in the implementation of the PFMI. • Encourage the adoption of the international standards for FMIs (PFMI).	
2.7	What do you consider to be the main challenges faced during the implementation of the practice?		
2.8	Does the practice have a formal/normative basis within the organisation or is it conducted informally? Does this basis make the practice mandatory or voluntary? If there is formal basis, please provide the relevant link or documentation.	IOSCO and CPMI members have committed themselves to adopting the 24 principles (the Principles) and the five responsibilities (the Responsibilities) included in the PFMIs. In this vein, participation in the implementation monitoring program is voluntary. However, IOSCO and the CPMI have set up a formal and well-structured implementation monitoring program that involves formal and standardised assessment methodologies and processes. The Level 1 online tracker and the Level 2 PFMI implementation database are formal tools that support the substantive implementation monitoring work. The basis for this work and these tools is publicly available on the IOSCO and the CPMI websites, respectively.	
2.9	At what frequency is the practice applied? i.e. is it conducted once or on an iterative basis?	The Level 1 online tracker is updated at least once per year, although participating jurisdictions are invited to update their information at any point in time during the year. The Level 2 PFMI implementation database is updated on a regular basis, each time that a Level 2 report is published. Level 2 assessment reports are available the IOSCO and the CPMI websites, respectively.	

2.10	Is this practice applied systematically, (e.g. with respect to every normative instrument, according to specific criteria or on an ad hoc basis)?	Yes, the Level 1 online tracker is based on the L1 methodology and the approval process that the CPMIIOSCO Steering Group and the IMSG have agreed upon. The Level 2 PFMI implementation database follows the L2 methodology and the approval process that the CPMI-IOSCO Steering Group and the IMSG have agreed upon.	
2.11	Please provide specific details or examples to illustrate the practice (including supporting links and documents).	For the Level 1 online tracker please see the following link: https://www.iosco.org/about/pdf/Level%201%20online%20tracker%20(as%20of%20January%202020).pdf The Level 2 PFMI implementation database please see the following links: https://www.iosco.org/about/?subsection=cpmi_iosco and https://www.bis.org/pfmi/index.htm	
3	**Design of the Practice**	**Answers**	**Comments and intersections**
3.1	Who designed the practice (e.g. Was it developed internally, in collaboration with other organisations, etc?)	IOSCO and the CPMI agreed, through the IMSG, on the developmemt of the Level 1 online tracker and the Level 2 PFMI implementation database.	
3.2	Which stakeholders were engaged with in the design of the practice?	The participating jurisdictions.	
3.3	How long did it take to design the practice?	More than one year.	
3.4	What resources were needed to design the practice initially (i.e., staff, budget etc.)?	Staff, budget, organisation and standardisation of the information.	

3.5	What challenges were encountered during the design of the practice and how were they overcome?		
3.6	Has the practice been tested before implementation (i.e. pilot phase)? If yes, please describe.	Yes, the IMSG and the secretariats conducted some internal testing before launching the Level 1 online tracker and the Level 2 PFMI implementation database.	
4	**Implementation of the Practice**		**Comments and intersections**
4.1	Which units are responsible for implementing the practice within your IO?	The Secretariats of IOSCO and the CPMI	Intersection with area of IO Partnership on 'Strengthening the Implementation of International Instruments'
4.2	Are IO members involved in implementing the practice? If so, how?	Yes, based on the procedures followed under each level of assessment (Level 1 and Level 2).	Intersection with area of IO Partnership on 'Strengthening the Implementation of International Instruments'
4.3	Are external actors beyond the organisation or its membership involved in implementing the practice? If so, how?	No	
4.4	Which resources are needed to implement the practice (e.g., staff and budget)?	Secretariat staff (IOSCO and CPMI)	
5	**Outputs and Evaluation of the Practice**	**Answers**	**Comments and intersections**
5.1	Has the practice been evaluated or reviewed?	No, but the the Level 1 online tracker and the Level 2 PFMI implementation database could be refined as necessary.	

		Answers	Comments and intersections
5.2	If yes, who carried out the evaluation (please specify whether it was done internally or externally)		
5.3	If yes, please describe the evaluation methodology? (e.g. were any quantitative or qualitative indicators/criteria used to measure/assess the outcomes of the practice?).		
5.4	If yes, what were the conclusions of the evaluation,and has the practice evolved subsequently? If possible, please attach related documents or provide a link.		
6	**Additional comments and information**	**Answers**	**Comments and intersections**
6.1	Is there any more information or documentation that would be valuable to share in relation to the practice (e.g. links, reports, meeting minutes, supporting documents)?	Yes, the previous Level 1 reports and the Level 2 reports are available at following link: https://www.iosco.org/about/?subsection=cpmi_iosco	
6	**Additional comments and information**	**Answers**	**Comments and intersections**
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	Sources		