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Financial Stability Board: Continuity of Access to Critical FMI Services for a Firm in Resolution: WFE Desired Outcomes



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Roles and Responsibilities

- 1) As long as appropriate safeguards are met, FMIs should seek to ensure a firm in resolution retains access, in full or part, to its critical FMI services.
- 2) FMIs should not be coerced into facilitating access for a firm in resolution which would compromise its statutory obligations relating to the public policy objectives of safety, efficiency and reducing systemic risk to its market.
- 3) FMIs should not be responsible in determining what action or procedure, justifiably undertaken against an FMI participant entering into resolution to meet its public policy objectives, could have a negative impact on the firm in resolution and its broader financial system as it is not privy to the information required for such responsibility.
- 4) FMIs should therefore not be tasked with ensuring the safety and efficiency of both its own market as well as one of its single participant simultaneously, as this misinterprets the CPMI-IOSCO PFMI due to the often-incompatible nature of the objectives.
- 5) Ensuring the safety and orderliness of its own markets and participants, which therefore supports the broader financial system, should be the continuous, unambiguous, core aim of an FMI.
- 6) The relevant authorities of both the critical FMI service provider, and of the firm, are ultimately best placed to appropriately address the tensions which often arise between the various financial stability objectives of critical FMI services and the orderly resolution of participants as they receive the relevant information from the market and the broader economy.

Sharing of Information

- 7) FMIs should be privy to the contingency plans produced by its firm participants, at least the sections relevant to its own market, where this is appropriate as assessed by the relevant authorities.
- 8) The provision of such information would provide FMIs with a closed loop of information, assisting FMIs when subsequently assessing their own risk management arrangements related to a firm's resolution.
- 9) Relevant authorities should share as much information with the FMI provider - where appropriate - regarding the wider market to enable more prudent risk management actions to be undertaken, relating to a specific firm in resolution.
- 10) FMIs should be able to devise and publish to their market a series of risk management actions which are suitably flexible to both provide participant firms with the requisite information in order to produce credible contingency plans whilst also enabling the FMI to undertake the most prudent course of action, on a case-by-case basis.

Scope

- 11) Providers of services relating to clearing, payment, securities settlement and custody activities, by third parties - such as 'middleware IT services - should also be included within the scope in order to ensure a level playing field along with FMIs, FMI intermediaries and FMI participants.