

**For Immediate Release
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Statement by Canadian authorities on clearing of standardized OTC derivatives contracts

Toronto – In response to the economic and financial crisis, G-20 leaders initiated a reform of the over-the-counter (OTC) derivatives market in 2009 to improve transparency, mitigate systemic risk, and protect against market abuse.

Since December 2009, the Bank of Canada, the Canadian Securities Administrators (CSA), the Office of the Superintendent of Financial Institutions (OSFI), and the Canadian Department of Finance have coordinated efforts to implement reform of Canada's OTC derivatives markets in line with the G-20 commitments, including the commitment to clear standardized OTC derivatives.

Canadian authorities are committed to clearing standardized OTC derivative contracts, subject to appropriate exemptions, through central counterparties (CCPs). Canadian market participants can respect this commitment by clearing OTC derivatives using any CCP recognized by Canadian authorities, including global CCPs.

Canadian authorities judge that global CCPs will provide a safe, robust and resilient environment for clearing OTC derivatives, provided that they comply with the Principles for Financial Market Infrastructure published by CPSS-IOSCO and that the following four safeguards identified by the Financial Stability Board (FSB) are met:

- Fair and open access by market participants to CCPs,
- Cooperative oversight arrangements for CCPs between relevant authorities,
- Resolution and recovery regimes that aim to ensure the core functions of CCPs are maintained during times of crisis, and
- Appropriate emergency liquidity arrangements for CCPs in currencies in which they clear.

Canadian authorities are satisfied with the direction and pace of the international efforts on the four safeguards, including with regard to implementation at global CCPs serving the Canadian market.

Canadian authorities will continue to work with authorities in other jurisdictions towards the achievement of the four safeguards at global CCPs and will monitor the evolution of the market for clearing services.

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The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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