



**WFE Response to IOSCO on Good Practices for OTC Commodity
Derivatives Markets
19 June 2026**

Response

The WFE supports IOSCO's objective of strengthening oversight of OTC commodity derivatives markets for full market visibility, but we maintain that this should be the responsibility of regulators. As exchanges, our fundamental role is to ensure the integrity of the "on-exchange" market, and we should not be expected to take on the duties of regulators. In this context, the term "market authorities" used by IOSCO is misleading because it incorrectly groups exchanges with regulatory bodies, which we are not. We endorse the existing, ad-hoc powers that allow exchanges to request information on OTC positions for specific market surveillance purposes, but we do not favour any expansion of this role.

Some WFE members have already implemented targeted OTC reporting frameworks, including periodic reporting for specific contracts where OTC spillover risks are material. These experiences demonstrate that a proportionate and flexible approach, combining venue-level tools with regulatory oversight, can enhance market visibility without imposing unnecessary burdens across all markets.

Our comments below are intended to help refine the guidance so that it remains risk-sensitive, proportionate, and practical across jurisdictions and CCP business models.

Question 1: Do you agree with the key aspects and scope of the proposed good practices outlined in this Consultation Report? Please share any specific comment on any of the proposed good practices.

The WFE broadly supports IOSCO's objectives to enhance visibility of OTC positions and strengthen market integrity. The proposed framework appropriately emphasises proportionality, risk sensitivity, and market-specific design. The WFE also supports IOSCO's recommendations on position management, transparency, volatility controls, and the handling of market disruptions, as well as the emphasis on open communication between exchanges and regulators during periods of market stress. However, further clarification is needed to ensure that responsibilities between regulators and exchanges are clearly delineated, particularly regarding OTC data access, data governance, and intervention powers. Furthermore, IOSCO have highlighted the aggregation of ETD and OTC data as a topic for further exploration, but as these are not the same contracts, this subject should be refined. In addition, page 19 of the paper seems to argue that the more liquid a derivative market, the larger the vulnerability to abusive practices and manipulation. We wish to dispel this narrative and reinforce the opposite instead - that in a liquid market, the impacts of any possible disorderly trading can be better mitigated.

Question 2: Are there any further key good practices that could be considered?

Additional good practices could include:

- Ensuring that all relevant financial OTC commodity derivatives are captured within the regulatory perimeter, including contracts that currently fall outside reporting, transparency, and prudential frameworks. This will avoid gaps in oversight and regulatory arbitrage, and ensure that economically similar activity is subject to consistent oversight, regardless of how it is structured or classified.
- Reinforcing that comprehensive OTC data collection should remain a regulator-led function, supported by the development of centralised frameworks, including "report once" models, to reduce duplication and improve data quality and cross-border usability
- Providing trading venues with timely access to risk-relevant OTC position data on a "need to know" basis, when the need to have this information is triggered for market surveillance purposes., enabling them to identify early warning signals and manage risks to their markets effectively
- Allowing flexibility for both regulatory reporting requirements and venue-level rules, particularly in cases of non-compliance or heightened market risk
- Adopting a proportionate approach to reporting frequency, with discretion to apply both ex ante and ex post mechanisms, as well as ad hoc and periodic reporting, depending on the characteristics of the market and the materiality of OTC spillover risks
- Strengthening alignment with CPMI-IOSCO PFMI frameworks, particularly where OTC exposures may create prudential implications for CCPs

Question 3: Under what conditions – such as relevant triggers, scope and frequency – should Market Authorities collect OTC position data to be reported to them? What criteria should be used to determine the need for regular or ad-hoc reporting of OTC position data for effective monitoring and oversight of relevant exchange traded contracts?

OTC data collection should be risk-based and proportionate. We do not agree that more regular or systematic reporting is necessary. Additional reporting (for the sake of additional reporting, and with limited added value) is against the principles of the simplification agendas currently pursued by international regulators, and against our efforts to reduce complexity in the existing reporting frameworks. We strongly support the existing toolbox, wherein exchanges can ask for OTC information where needed. We also remind of the existence of a fully-fledged transparency frameworks in place (such as in the European Union under MiFIR/D). It should ultimately be up to the exchange to determine appropriate triggers for requesting OTC data based on the specificities of their underlying markets.

The WFE supports a flexible, “dual approach”, whereby both venue-level tools and regulatory oversight operate together to manage micro- and macro-level risks. In this context, regulator-led data collection frameworks, complemented by venue-level access where needed, provide the most effective model for balancing market oversight and operational practicality.

The WFE emphasises that exchanges should not be responsible for executing comprehensive OTC data collection. This should remain a regulator-led function, with venues retaining the ability to obtain relevant OTC position data where necessary to maintain the orderly functioning of the markets they operate.

Question 4: Do you have suggestions for Market Authorities’ improved use of existing data pipelines for purposes of ensuring market integrity?

The WFE strongly supports optimising existing infrastructure. Key improvements include:

- Enhancing access to trade repository data. This includes ensuring that data held in trade repositories can be effectively accessed and shared with relevant authorities and, where appropriate, with trading venues to support timely risk identification.
- Improving data standardisation and harmonisation across jurisdictions
- Enabling aggregated views across trade repositories and CCPs
- Strengthening data usability and analytics, not just collection
- Leveraging existing venue-level reporting frameworks where they already exist, rather than introducing parallel reporting channels
- Exploring centralised or interoperable data access frameworks to improve consistency and reduce fragmentation across jurisdictions
- Strengthening cooperation between financial and commodity-specific regulators (e.g. energy regulators) to ensure a more complete and timely view of market-wide exposures. For example, a central database exists in the European Union for regulators to access all relevant information in one place (i.e. a single reporting input point, with a single reporting format).

Question 5: What metrics or indicators do you consider appropriate for assessing the degree of interconnectedness between a related OTC market and an exchange-traded market?

OTC and exchange traded derivatives are quite different, as the former are very bespoke and bilateral. We do not advocate for further guidance on how to calibrate these indicators.

Question 6: What types of information could help Market Authorities identify the beneficial owners of positions?

No comment.

Question 7: Do you foresee any challenges for Market Authorities in identifying, and obtaining data on, the underlying beneficial owners, and, if so, how could these be mitigated?

No comment.

Question 8: In what circumstances may it be necessary for regulators to intervene in OTC markets, and what potential impact, both positive and negative, might this cause?

No comment.

Question 9: What kind of cross-border cooperation do you think is necessary or beneficial to coordinate data collection, both generally and of OTC positions of underlying beneficiary owners?

Effective oversight requires:

- Enhanced use of IOSCO multilateral Memoranda of Understanding
- Timely information sharing between regulators and development of centralised or coordinated cross-border data-sharing frameworks to enable timely access to OTC position data
- Strengthening cooperation between financial and commodity-specific regulators (e.g. energy regulators) to ensure a more complete and timely view of market-wide exposures
- Alignment of data standards and definitions

The WFE supports a regulator-led model, rather than requiring exchanges to bridge cross-border gaps.

Question 10: How do you contemplate that this consultation report may also be relevant to OTC execution venues, such as swap execution facilities, multilateral trading facilities and organised trading facilities?

No comment.

Background

Established in 1961, the World Federation of Exchanges (WFE) is the global industry association for exchanges and central counterparties (CCPs). Headquartered in London, it represents over 250 market infrastructure providers, including standalone CCPs that are not part of exchange groups. Of our members, 37% are in Asia-Pacific, 43% in EMEA, and 20% in the Americas.

The WFE's 87 member CCPs and clearing services collectively ensure that risk takers post some \$1.1 trillion (equivalent) of resources to back their positions, in the form of initial margin and default fund requirements. WFE exchanges, together with other exchanges feeding into our database, are home to over 49,000 listed companies, and the market capitalisation of these entities is over \$116.58 trillion; around \$155 trillion (EOB) in trading annually passes through WFE members (at end 2024).

The WFE is the definitive source for exchange-traded statistics and publishes over 350 market data indicators. Its free statistics database stretches back 49 years and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators, and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair, and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policy makers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system.

If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal. Please contact:

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