

FSB work programme for 2020

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The Financial Stability Board's (FSB) work priorities for 2020 reflect the evolving nature of the global financial system and associated risks to financial stability. The FSB will reinforce its forward-looking monitoring of developments to identify, assess and address new and emerging vulnerabilities. At the same time, the FSB will continue its work to finalise and operationalise the remaining elements of post-crisis reforms; monitor and assess the implementation of reforms; and evaluate their effects in order to ensure that reforms work as intended.

This note summarises ongoing and planned FSB initiatives in 2020 in the main areas of FSB work.¹ Bullet points indicate the main scheduled FSB publications. Deliverables to the G20 during the 2020 Saudi Arabian Presidency are marked with an asterisk. The Annex provides an indicative timeline of the FSB's publications planned for 2020.

Addressing new and emerging vulnerabilities in the financial system

Scanning the horizon to identify, assess and address new and emerging risks to global financial stability is at the core of the FSB mandate. This includes assessments of current vulnerabilities, through regular discussion by its members of macro-financial developments, and through the biannual Early Warning Exercise conducted jointly with the International Monetary Fund (IMF). It also includes assessing the impact on global financial stability of the growth of non-bank financial intermediation, of operational issues such as cyber risks, and technological innovation.

Assessment of vulnerabilities. The FSB will continue to assess vulnerabilities in the global financial system, coordinated by the FSB Standing Committee on the Assessment of Vulnerabilities (SCAV). A key area of focus will be on the financial stability implications of a 'lower for longer' interest rate environment against the backdrop of elevated debt levels, including follow-up work on the FSB report on leveraged loans and collateralised loan obligations (CLOs). SCAV will also examine the financial stability implications of climate change. The completion of a new financial stability surveillance framework for the FSB will support the systematic and forward-looking identification of vulnerabilities in the global financial system.

- FSB financial stability surveillance framework

Non-bank financial intermediation (NBFI). The continued growth of non-bank financing is increasing the diversity of sources of finance that support economic activity. The FSB will continue to monitor and assess developments in this area to ensure that such financing is resilient. Along these lines, the FSB will further strengthen its annual NBFI monitoring exercise and data framework to assess the evolution of risks from NBFI developments globally.

- Annual Global Monitoring Report on Non-Bank Financial Intermediation

¹ Information on the FSB's key activities during the past year is provided in the 2018/2019 [Annual Report](#). The [fifth annual report on the implementation and effects of the G20 financial regulatory reforms](#), published in October 2019, describes the progress made in the reform agenda.

Insurance. The International Association of Insurance Supervisors (IAIS), as part of its new holistic framework for systemic risk, will provide to the FSB an annual update on the outcomes of its global monitoring exercise, including the IAIS assessment of systemic risk in the global insurance sector and the supervisory response to identified risks (if any).

FinTech. The FSB will continue to monitor financial innovation developments and assess their potential implications for financial stability. This includes discussions, through the Standing Committee on Supervisory and Regulatory Cooperation (SRC), of issues related to third-party dependencies, and of the implications of the emergence of new technologies for the regulatory perimeter. In addition, complementing the recent report on BigTech in finance, the FSB will report on the perspective of emerging market and developing economies (EMDEs) on this topic. The FSB will also take stock of the range of practices on the use of RegTech and SupTech.

- Report on BigTech in finance in EMDEs*
- Report on range of practices on the use of RegTech and SupTech*

Global stablecoins. The introduction of so-called global “stablecoins” could pose a host of challenges to the regulatory community, including for financial stability. At the same time, it could bring benefits to the financial system and wider economy. SRC is working to identify regulatory issues raised by stablecoin-type instruments that have the potential to reach global scale and advise on multilateral responses as needed, while SCAV is updating its monitoring framework for crypto-assets to include potential developments in global stablecoin systems.

- Public consultation on addressing regulatory issues of stablecoins*
- Final report on addressing regulatory issues of stablecoins*

Cross-border payment systems and correspondent banking. Payment systems are a central pillar of the global financial system and economy. Digital innovation could improve the efficiency and inclusiveness of cross-border payment services, which are often considered to be slow and costly. In coordination with the Committee on Payments and Market Infrastructures and other relevant international organisations and standard-setting bodies (SSBs), the FSB will develop and deliver to the G20 a roadmap for how to enhance global cross-border payments. The FSB will also continue to monitor and address the causes and consequences of the withdrawal of correspondent banking relationships.

- Roadmap to enhance global cross-border payments, including practical steps and indicative timeframes*
- Progress report on addressing issues in correspondent banking and remittance firms; access to banking services*

Cyber resilience. The FSB will finalise a toolkit of effective practices to assist financial institutions, supervisors and authorities in supporting financial institutions before, during and after a cyber incident.

- Public consultation paper on toolkit of effective practices for cyber incident response and recovery*
- Final toolkit of effective practices for cyber incident response and recovery*

Accounting and audit. The FSB continues to encourage consistent application of accounting standards and to promote public confidence in the quality of audits, especially for systemically important financial institutions. Building on earlier dialogues, the 2020 FSB Roundtable on

External Audit will continue to provide a dedicated platform for public authorities and audit firms to discuss the development of strong policies that advance audit quality and promote financial stability.

Finalising and operationalising post-crisis reforms

G20 financial reforms have delivered a safer, simpler and fairer financial system. To reinforce this progress, the FSB is working with the SSBs to complete work on a few final issues in the main reform areas:

Building resilient financial institutions. The IAIS will provide updates on Insurance Capital Standard developments during the five-year monitoring period.

Ending too-big-to-fail (TBTF). The FSB will continue work to support resolvability and resolution planning. In particular, the FSB will develop further guidance on financial resources to support central counterparty (CCP) resolution, including on addressing non-default loss resolution scenarios and the treatment of CCP equity in resolution.

- Consultation document on financial resources to support CCP resolution
- Final guidance on financial resources to support CCP resolution

Making derivatives markets safer. The remaining policy action for the FSB is to work with other SSBs on improving the effectiveness of trade reporting. The FSB will consider the potential development of a global aggregation mechanism for trade reporting. Additionally, the FSB will finalise the arrangements for governance of global derivatives data elements (i.e. the Unique Transaction Identifier, Unique Product Identifier and other common data elements) by the Legal Entity Identifier Regulatory Oversight Committee.

Implementation of reforms

Implementation of the reforms is well underway but remains uneven across core reform areas. It is critical to maintain momentum and avoid complacency in order to achieve the goal of greater resilience. The FSB, in collaboration with the SSBs, will continue to monitor implementation of G20 reforms through regular progress reports and peer reviews.

Monitoring implementation of G20 reforms. BCBS will continue to monitor implementation of Basel III, including through the Regulatory Consistency Assessment Programme (RCAP). The FSB will monitor the implementation of the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions in member jurisdictions and (in coordination with the BCBS) conformance with the total loss-absorbing capacity (TLAC) standard, including through the Resolvability Assessment Process for G-SIBs. It will finalise the assessment methodology for the application of the Key Attributes to the insurance sector, and continue to monitor resolvability in the insurance sector and resolution planning for CCPs that are systemically important in more than one jurisdiction. The FSB will also monitor the implementation of over-the-counter (OTC) derivatives market reforms and the implementation and effectiveness of the FSB Principles and Standards on Sound Compensation Practices.

- Identification of G-SIBs for 2020
- Annual resolution report

- Stocktake of the range of practices in implementing the TLAC standard
- Assessment Methodology for the application of the Key Attributes to the insurance sector

Peer reviews. The FSB Standing Committee on Standards Implementation (SCSI) will complete the country reviews of Germany, Indonesia, Mexico, South Africa and the United Kingdom. SCSI will launch in 2020 a second thematic review of the implementation of the FSB policy framework for NBFIs and the country reviews of China, the Netherlands, Saudi Arabia and Spain.

- Peer reviews of Germany, Indonesia, Mexico, South Africa and the United Kingdom

Financial benchmarks. The FSB continues to monitor and support progress on implementing interest rate benchmark reforms. Continued reliance of global financial markets on LIBOR poses risks to financial stability. Transition away from LIBOR by end-2021 requires significant commitment and sustained effort from both financial and non-financial firms across many jurisdictions. To improve collective understanding of LIBOR transition progress so far and to increase awareness of the importance of ensuring timely transition, the FSB will conduct a survey of exposures to LIBOR and supervisory measures being taken to address benchmark transition issues.

- Progress report on implementation of benchmark reforms
- Report on remaining challenges to benchmark transition*

Assessing progress in other areas. The FSB will also report on implementation progress in other areas of financial reform where it has been involved in designing policy. These include the G20 Data Gaps Initiative, where IMF staff and the FSB Secretariat work in close cooperation with the Inter-Agency Group on Economic and Financial Statistics; and the FSB-initiated private-sector Task Force on Climate-related Financial Disclosures (TCFD).

- IMF-FSB progress report on implementing the G20 Gaps Initiative
- TCFD implementation monitoring report and further guidance on climate-related scenario analysis

Evaluating the effects of reforms

The objective of the FSB's work to evaluate the effects of post-crisis reforms is to assess whether reforms are operating as intended in an efficient manner, and to identify and deliver adjustments where appropriate, without compromising on the agreed level of resilience. Rigorous evaluation will ensure that reforms remain fit for purpose as the financial system evolves, and new vulnerabilities emerge. More generally, assessing the effects of reforms on the structure and functioning of the global financial system is important for harnessing the economic benefits of an open and integrated financial system. As in previous years, these issues will be discussed in the annual FSB report on the implementation and effects of reforms.

- Annual report on implementation and effects of the G20 financial regulatory reforms*

Ongoing evaluation work. The FSB will take forward its multi-year programme for evaluating the effects of reforms under its Evaluation Framework. In 2020, this includes the completion of

an evaluation of the effects of TBTF reforms for banks and the launch of an evaluation of the effects of money market fund reforms.

- Public consultation report of the evaluation of the effects of TBTF reforms for banks*
- Final report of the evaluation of the effects of TBTF reforms for banks*

Market fragmentation. The June 2019 FSB report on market fragmentation identified four areas of further work to be undertaken by the FSB and the International Organization of Securities Commissions (IOSCO). The FSB will consider market fragmentation issues through ways to enhance regulatory and supervisory cooperation and information sharing, examining issues relating to pre-positioning of capital and liquidity and as part of the evaluation of TBTF reforms. IOSCO will conduct follow-up work on deference processes, involving CPMI and FSB where appropriate, and potentially including whether there are any good or sound practices that can be identified and whether more clarity on these processes is needed.

- Progress report on addressing market fragmentation*

Promoting resilient NBFIs. As the implementation of the 2017 FSB recommendations to address structural vulnerabilities from asset management activities progresses, IOSCO and FSB will assess if these recommendations have been implemented effectively by mid-2021 and the FSB will report back to the G20. The FSB will assess, when work on structural vulnerabilities from asset management activities is completed, whether there are any residual entity-based sources of systemic risk in non-bank non-insurance financial institutions that cannot be effectively addressed by market-wide activities-based policies.

Strengthening outreach and the effectiveness of the FSB process

In December 2019, the FSB completed a review of how to enhance the effectiveness of its six Regional Consultative Groups (RCGs) as an outreach and feedback mechanism. The review confirmed that FSB and non-FSB members value the RCGs as a forum for obtaining information and exchanging views on a wide range of financial stability issues. To reinforce the effectiveness of the RCGs, the FSB and RCGs will strengthen their interactions, enhance the processes for RCG meetings and strengthen communication between the RCGs.

In 2019 the FSB streamlined its working group structure to help to ensure that the resources of the members are used effectively. The FSB will continue to review its work processes, to reinforce the FSB's ability to adapt flexibly to a constantly changing financial landscape and respond quickly to new vulnerabilities as they arise. In 2020, the FSB will review the organisation of its work on NBFIs and on implementation monitoring.

Annex

Indicative time of FSB publications planned for 2020		
Date	Report	Comment
February	Country peer reviews of Mexico and South Africa	
April	Public consultation paper on addressing regulatory issues of stablecoins Public consultation paper on toolkit of effective practices for cyber incident response and recovery Public consultation on guidance on financial resources to support CCP resolution	G20 deliverable G20 deliverable
May	Country peer review of Germany	
June	Assessment Methodology for the application of the Key Attributes to the insurance sector Consultation report on the evaluation of the effects of TBTF reforms for banks	G20 deliverable
July	Report on range of practices on the use of RegTech and SupTech Report on BigTech in finance in EMDEs Final report on addressing regulatory issues of stablecoins Progress report on addressing issues in correspondent banking and banking services for remittances Report on remaining challenges for LIBOR transition FSB financial stability surveillance framework	G20 deliverable G20 deliverable G20 deliverable G20 deliverable G20 deliverable
September	TCFD implementation monitoring report	
October	Roadmap, with practical steps and indicative timeframes, to enhance global cross-border payments Final toolkit on effective practices for cyber incident response and recovery Progress report on addressing market fragmentation	G20 deliverable G20 deliverable G20 deliverable
November	Annual report on implementation and effects of financial regulatory reforms Final report of the evaluation of the effects of TBTF reforms for banks Progress report on implementation of benchmark reforms Identification of G-SIBs for 2020 Country peer reviews of Indonesia and United Kingdom	G20 deliverable G20 deliverable

Indicative time of FSB publications planned for 2020		
Date	Report	Comment
December	Annual global monitoring report on NBF Final guidance on financial resources to support CCP resolution Annual resolution report Stocktake of range of practices in implementing the TLAC standard	