FSB seeks feedback on technical implementation of the TLAC standard

The Financial Stability Board (FSB) today published a call for public feedback on the technical implementation of the FSB’s Total Loss-Absorbing Capacity (TLAC) Standard. In November 2015 the FSB issued a new standard on the adequacy of total loss-absorbing and recapitalisation capacity for Global Systemically Important Banks (G-SIBs) in resolution (‘the TLAC standard’). The TLAC standard seeks to ensure that G-SIBs have at all times sufficient loss-absorbing and recapitalisation capacity available so that in case of failure they can be resolved in a manner that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss.

The TLAC standard will be phased in from January 2019. The FSB made a commitment to report, by the time of the G20 Leaders’ Summit in June 2019, on whether the implementation of the TLAC standard is proceeding in a manner consistent with the timelines and objectives set out in the TLAC standard and to identify any technical issues or operational challenges in the implementation. The views and evidence submitted in response to this call for public feedback should help inform the FSB’s monitoring. The FSB is not seeking views on the standard itself or any desired changes. However, based on its monitoring and the feedback received, FSB members may consider the development of further implementation guidance.

Responses to the public call for information should be submitted by 20 August 2018 to fsb@fsb.org with the subject heading “TLAC implementation: public feedback”. Responses will be published on the FSB’s website unless respondents expressly request otherwise.

Notes to editors

G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, they will be required to meet a Minimum TLAC requirement of at least 16% of the resolution group’s risk-weighted assets (TLAC RWA Minimum) as from 1 January 2019 and at least 18% as from 1 January 2022. Minimum TLAC must also be at least 6% of the Basel III leverage ratio denominator (TLAC Leverage Ratio Exposure (LRE) Minimum) as from 1 January 2019, and at least 6.75% as from 1 January 2022.

G-SIBs headquartered in emerging market economies will be required to meet the 16% RWA and 6% LRE Minimum TLAC requirement no later than 1 January 2025, and the 18% RWA and 6.75% LRE Minimum TLAC requirement no later than 1 January 2028.
The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. Through its six Regional Consultative Groups, the FSB conducts outreach with and receives input from an additional approximately 65 jurisdictions.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.