

Press release

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Financial Stability Board reports to G20 Leaders on financial regulatory reform progress

The Financial Stability Board (FSB) published today the following documents delivered to G20 Leaders for the Brisbane Summit:

- a [letter from the FSB Chair to the G20 Leaders](#), reporting on progress in financial reforms and highlighting the major issues for the attention of Leaders, with an attached dashboard summarising the status of implementation by FSB member jurisdictions on priority reform areas;
- a report to the G20 on the FSB's [review of the structure of its representation](#);
- a [progress report](#) setting out the FSB's approach to transforming shadow banking into resilient market-based financing to date, and a roadmap for further work in 2015 that has been presented to the G20 for endorsement; and
- a comprehensive [overview report](#) on progress in the implementation of the financial reforms in order to strengthen financial stability.

In his letter to the G20 Leaders, the Chair makes four points:

First, the job of agreeing measures to fix the fault lines that caused the global financial crisis is now substantially complete. Strengthened international standards are building more resilient financial institutions and more robust markets. As well, actions are being taken to guard against systemic risk arising from the migration of risky activity to elsewhere in the financial system.

Second, the endorsement by Leaders of proposals to end Too Big To Fail in the banking sector will be a watershed. Once implemented, these agreements will play important roles in enabling globally systemic banks to be resolved without recourse to public subsidy and without disruption to the wider financial system.

Third, as it enters the next phase of financial reform, the FSB will adjust focus towards addressing new and constantly evolving risks and vulnerabilities. Many of these risks arise from outside the core of the financial system. The FSB asks for the ongoing support of the G20 to build this new focus and, where appropriate, to develop common responses to promote global financial stability. Sharing of data, analytics and policy choices will be vital to this new focus.

Fourth, the FSB seeks the support of G20 Leaders to promote a system based on mutual trust and co-operation to help maintain an open global financial system. Building trust relies on consistent implementation of agreed common standards; on the recognition that each jurisdiction will need to take account of its own circumstances while implementing internationally agreed minimum standards; and on deferral to the regulatory regimes of others as set forth by Leaders in St Petersburg, so that inefficient cross-border duplication and conflicts of regulation can be avoided.

The FSB report on the review of the structure of its representation seeks G20 endorsement of measures that seek in particular to strengthen the voice of emerging market and developing economies (EMDEs) in the FSB while also preserving the effectiveness of its decision-making process. The measures include the allocation of a second Plenary seat to each of the five EMDE jurisdictions that currently have a single seat each in the Plenary – Argentina, Indonesia, Saudi Arabia, South Africa and Turkey. Other measures are directed at strengthening and broadening engagement of a wider range of authorities in the work of the FSB and to widen the pool of expertise available, including that of EMDEs and securities market regulators.

The shadow banking report summarises progress in the two-pronged strategy to address the fault lines that contributed to the global financial crisis and to build safer, more sustainable sources of financing for the real economy:

- the creation of a system-wide monitoring framework to track developments in the shadow banking system with a view to identifying the build-up of systemic risks and initiating corrective actions where necessary; and
- the development of policy measures in five areas where oversight and regulation need to be strengthened to reduce excessive build-up of leverage, as well as maturity and liquidity mismatching in the system.

The shadow banking report includes an Updated Roadmap towards Strengthened Oversight and Regulation of Shadow Banking in 2015.

The FSB coordinates and closely monitors global policy development and implementation across the full set of G20 recommendations to promote financial stability and strengthen the resilience of the global financial system. The **comprehensive overview report** details the progress made since the G20 St Petersburg Summit in the various reform areas.

The following additional reports on financial reforms that have been submitted to the G20 Brisbane Summit were published recently:

- An FSB consultative document on the [adequacy of loss absorbing capacity of global systemically important banks in resolution](#);
- An FSB consultative document on the [cross-border recognition of resolution action](#);
- An FSB report on progress in [reform of resolution regimes and resolution planning for global systemically important financial institutions](#);
- A report by the Basel Committee on Banking Supervision on [reducing variability in banks' regulatory capital ratios](#);
- A report by the International Association of Insurance Supervisors on the [basic capital requirements for global systemically important insurers](#); and
- A report by the Over-The-Counter Derivatives Regulators Group on [cross-border implementation issues](#).

Notes to editors

The letter and accompanying reports are available on the FSB's website, www.financialstabilityboard.org.

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. The FSB also conducts outreach with 65 other jurisdictions through its six regional consultative groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. The FSB 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.financialstabilityboard.org.