FSB FINANCIAL STABILITY BOARD

# FSB Workplan to Address Nonbank Data Challenges

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# 1. Introduction

Over the years, the FSB has developed a work programme to enhance the monitoring of vulnerabilities in the non-bank financial intermediation (NBFI) sector and to develop policy recommendations to address the associated financial stability risks.

Taking forward this work programme depends heavily on reliable data. In the course of its work, the FSB has identified several data challenges that have hindered the effective assessment of nonbank sector vulnerabilities by authorities. These challenges can be categorised into four areas: (i) data availability and reporting, (ii) data quality, (iii) data use, and (iv) data and information sharing.

Given the complexity and importance of ongoing data challenges, the FSB has set up a small, high-level task force: the Nonbank Data Task Force (NDTF).

The NDTF has identified several priority areas (i.e. nonbank entities, activities, or markets) where data challenges hinder the effective assessment of vulnerabilities and associated financial stability risks. To test how much progress can be made in addressing various nonbank data challenges, the FSB decided to conduct a test case on "leveraged trading strategies in sovereign bond markets".

The FSB intends to finalise a report on data challenges related to this test case by mid-2026, which should include ways to address data challenges. Based on the findings and insights from the work of the test case, the FSB will determine whether further work should be undertaken in other areas.

# 2. Issue at stake

The history of FSB work related to nonbank data extends back to the creation of the FSB and its original core areas of work. For example:

- The FSB, together with the IMF, led the Data Gaps Initiative (DGI) that was endorsed by the G20 Finance Ministers and Central Bank Governors (FMCBGs) in 2009 to address data gaps revealed by the global financial crisis.[1] It continued to co-lead the second phase of this initiative (DGI-2), endorsed in 2015 by the G20 FMCBGs, and contributes to the ongoing third phase (DGI-3).

- The FSB published 18 updated policy recommendations in October 2015 to address financial stability risks from securities financing transactions (SFTs), such as repo and securities lending.[2] Five of the 18 recommendations relate to improving regulatory reporting and market transparency, including a recommendation for the FSB to collect and aggregate national/regional data for SFTs on a monthly basis to understand global

1 See IMF website: G20 Data Gaps Initiative.

2 FSB (2013), *Policy Framework for Addressing Shadow Banking Risks in Securities Lending and Repos*, August and FSB (2015), *Regulatory framework for haircuts on non-centrally cleared securities financing transactions*, November. Annexes of the November 2015 framework document were further updated on 19 July 2019, 25 November 2019, and 7 September 2020.

trends in SFT markets. The global SFT data collection exercise was launched in January 2019, but its implementation by FSB member jurisdictions has been slow, mainly because of operational/technical (e.g. data availability, IT systems) and legal challenges (e.g. related to data confidentiality and data sharing).[3]

- The FSB publishes an annual Global Monitoring Report on NBFI (including its underlying dataset), which supports the goal of monitoring vulnerabilities on a regular basis.[4] The underlying analytical framework covers NBFI vulnerabilities for those nonbanks engaging in credit intermediation, mostly (i) maturity transformation, (ii) liquidity transformation, and (iii) leverage.[5]

Over the years and learning from episodes of market stress such as the March 2020 market turmoil,[6] the FSB has developed a work programme to enhance the monitoring of vulnerabilities in the NBFI sector and to develop policy recommendations to address the associated financial stability risks.[7] Taking forward this work programme depends heavily on reliable data. In the course of its work, the FSB has identified several data challenges that have hindered the effective assessment of nonbank sector vulnerabilities by authorities. These issues can be categorised into four areas: (i) data availability and reporting, (ii) data quality, (iii) data use, and (iv) data and information sharing.

### *Data availability and reporting*

Challenges related to data availability and reporting occur when there are limitations on the data that are reported or otherwise available (e.g. via commercial providers or data publication) to authorities.

- For example, family offices and other private investment entities may take on leverage, but the lack of regulatory reporting requirements makes it challenging for authorities to assess the size and concentration of their leveraged positions. This hampers authorities' ability to identify and monitor financial stability risks that may arise from NBFI leverage, e.g. via interlinkages with systemically important financial institutions that provide leverage.[8]

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3 FSB (2015), *Standards and Processes for Global Securities Financing Data Collection and Aggregation*, November and FSB and BIS websites for reporting guidelines. As of May 2025, Japan and Mexico report data for all SFT markets to the FSB and the BIS, while Australia and Canada report data for repo markets only.

4 FSB (2024), *Global Monitoring Report on Non-Bank Financial Intermediation 2024*, December.

5 FSB (2013).

6 FSB (2020), *Holistic Review of the March Market Turmoil*, November.

7 FSB (2021), *Enhancing the Resilience of Non-Bank Financial Intermediation: Progress report*, November, and FSB (2025), *Enhancing the Resilience of Nonbank Financial Intermediation: Progress report*, July.

8 FSB (2023a), *The Financial Stability Implications of Leverage in Non-Bank Financial Intermediation*, September; FSB (2025), *Leverage in Nonbank Financial Intermediation: Final report*, July.

### *Data quality*

Data quality challenges occur when data are available to an authority, but they are not fully used due to challenges with their accuracy, correctness, or lack of suitability for financial stability purposes.

- For example, trade repository data on derivative transactions and SFTs typically need to be carefully cleaned before they are fit for usage. Some data may need to be excluded from analyses where they are incomplete (e.g. a lack of legal entity identifiers, LEIs, or international securities identification numbers, ISINs). Another example is when authorities use commercial data sources to complement the vulnerabilities assessment they perform using their regulatory reports: the two datasets can be inconsistent, and different definitions for the same asset classes may be used (e.g. cash and cash equivalent assets).

### *Data use*

Data use challenges describe situations where authorities do not fully use the available data for financial stability purposes.

- For example, this can be due to a lack of human or technological resources, or the absence of analytical frameworks to exploit the dataset. This may be the case when there are no commonly established methodologies to calculate metrics, which may create challenges, particularly for the identification and monitoring of vulnerabilities and risks with a pronounced cross-border dimension.

### *Data and information sharing*

Data and information sharing challenges describe situations where data or metrics (or information gleaned from them) are collected by an authority but are not available to other domestic or foreign authorities with a financial stability mandate. Authorities are therefore not able to see the aggregated exposure and global strategy of nonbanks that operate across borders.

- For example, there are often legal restrictions on sharing entity-level data, including with other domestic authorities with a financial stability mandate. A lack of data-sharing arrangements and legal impediments (e.g. due to data confidentiality) can also prevent effective data sharing across borders.

## 3. The FSB Nonbank Data Task Force (NDTF)

Given the complexity and importance of ongoing data challenges, the FSB has set up a small, high-level task force: the NDTF. The NDTF has three objectives:

1. Improve the ability of FSB member authorities to identify and assess vulnerabilities stemming from nonbank sectors.

2. Improve the ability of authorities to assess and calibrate policies that could be used to mitigate financial stability vulnerabilities that stem from nonbank sectors.

3. Explore whether and how authorities could share information (possibly including data) when such sharing could be used to mitigate significant threats to financial stability.

The work of the NDTF is not intended to supersede or replace other work already included in the 2025 FSB work programme, but rather to make significant progress in an area that has hindered progress in the rest of the nonbank work programme.

To achieve its objectives, the NDTF will perform a series of tasks. This will include:

- Performing a stocktake of data, metrics, and analytical frameworks of authorities and public/commercial sources;
- Identifying the data and metrics that are necessary for authorities to monitor financial stability risks;
- Discussing whether a common set of metric definitions and/or a common format for collecting any of the identified data would be useful and feasible; and
- Considering how information gleaned from the relevant data could be shared among authorities, whether privately or publicly, particularly in the event of a crisis or in the event that doing so could help mitigate financial stability repercussions.

The NDTF will take into careful account, in broad terms, the likely balance between the probable challenges and benefits of recommending the collection or additional sharing of any information and/or data among authorities.

# 4. Priority areas initially considered and test case

## Priority areas initially considered

The NDTF identified several priority areas (i.e. nonbank entities, activities, or markets) where data challenges hinder the effective assessment of vulnerabilities and associated financial stability risks. Among these, the FSB has shortlisted two areas of higher priority.

### *Leveraged trading strategies in core financial markets*

A variety of trading strategies, such as sovereign bond cash-futures basis trades and carry trades, often rely on high leverage.[9] These strategies, which are carried out by various nonbanks, including hedge funds, family offices, liability-driven investment (LDI) funds, and other private investment entities, can exhibit several vulnerabilities. If not properly managed, the build-up of leverage creates a vulnerability that, when acted upon by a shock, can propagate strains

[9] See, for example, CFTC (2024), *The Treasury Cash-Futures Basis Trade and Effective Risk Management Practices*, December and Aquilina et al. (2024), *The Market Turbulence and Carry Trade Unwind of August 2024*, August.

through the financial system, amplify stress, and lead to systemic disruptions.[10] Data challenges often prevent the identification of all nonbanks taking these positions and their levels of leverage (per strategy), especially for cross-border activities.

### *Private finance, particularly private credit*

Private finance plays an increasingly significant role in the financial system by providing financing to corporates.[11] Within private finance, the provision of credit is of particular interest. Private credit typically refers to direct lending by nonbanks (mostly investment funds) to businesses.[12] The private credit segment has experienced rapid growth in recent years.[13] Significant data gaps and the opacity within the sector have hindered a thorough assessment of the potential financial stability risks posed by private finance, and private credit in particular. Concerns remain about the potential for a sudden stop in credit provision to corporates and the propagation of stress to the banking system or to institutional investors, given their interlinkages with private finance funds.[14]

## Test case

After due consideration, the FSB decided to focus on "leveraged trading strategies in sovereign bond markets" in the short term. The area of leverage trading strategies in sovereign bond markets was selected because it meets several important criteria: it is of high relevance to financial stability, but also sufficiently narrow to be manageable; although incomplete (see below), enough data are available to allow progress to be made on the analysis; and the area presents all four types of data challenges, some of them with a significant cross-border dimension.

The FSB will publish a report on this test case by mid-2026, which should include ways to address the data challenges identified. After this report is finalised, the FSB will determine whether further work should be undertaken in other areas. In parallel, the FSB has also decided to conduct an analytical deep dive on vulnerabilities in private credit, which will include the identification of data challenges in this area.

### *Relevance to financial stability*

Nonbanks, such as hedge funds, LDI funds, and other leveraged investment funds, have become key participants in certain sovereign bond markets – both in the cash market at primary

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10 FSB (2023a).

11 FSB (2024b), *Promoting Global Financial Stability: 2024 FSB Annual Report*, November; Foulger (2025), *Non-bank risks, financial stability and the role of private credit*, January.

12 FSB (2023b), *Global Monitoring Report on Non-Bank Financial Intermediation 2023*. Private credit may also include middle-market collateral loan obligations, distressed debt, special situations debt, and mezzanine financing. See OECD (2025), *Global Debt Report 2025: Financing Growth in a Challenging Debt Market Environment*.

13 While precise measurement of the market size is challenging, current estimates place it in the range of $2-3 trillion. See, for example McKinsey (2024), *The next era of private credit*, September.

14 FSB (2024b), IMF (2024), *Global Financial Stability Report*, April, and IOSCO (2023), *Thematic Analysis: Emerging Risks in Private Finance*, September.

issuance and in secondary markets, as well as in the futures market.[15] Their activity has been growing and, as sovereign debt issuance is projected to grow further, these nonbank investors are likely to play an increasingly important role. Sovereign bond markets lie at the core of the financial system, and their good functioning is essential for the real economy ('core financial markets').[16]

Nonbanks engaged in leveraged relative-value strategies, such as the cash-futures basis trade, often rely on collateralised funding sourced in the repo market or from dealer banks (i.e. 'prime brokers'), which themselves may rely on the repo market. Additionally, other strategies employed by nonbank entities, such as macro strategies, often rely on high levels of leverage.

While these leveraged strategies can enhance market functioning and support liquidity under normal market conditions, their rapid unwinding[17] has the potential to amplify sharp price movements in core financial markets and propagate stress across the financial system, including across borders. Notable examples of these dynamics were observed in March 2020 in the US Treasury market and in September 2022 in the UK gilt market.[18] Some jurisdictions observed these dynamics more recently during the market turbulence in April 2025 that followed the announcement of a substantial change in global trade policy. Besides leverage, these strategies may present other vulnerabilities, including interlinkages with systemically important financial institutions (e.g. the leverage providers), and a high degree of concentration and crowdedness.[19] In addition, leveraged positions are often opaque, and the related vulnerabilities are difficult to identify or measure by market participants or public authorities.[20]

### *Main data challenges identified*

Challenges in leveraged trading strategies in sovereign bond markets relate to data availability and reporting, quality, use, and data/information sharing.

- While some nonbanks, such as hedge funds and other leveraged investment funds (or their advisers/managers), are subject to reporting requirements, this is typically not the case for family offices and other non-registered entities, highlighting distinct data challenges. For family offices and other non-reporting/unregulated entities, the primary challenge lies in *data availability and reporting* – specifically, finding alternative mechanisms or sources to obtain relevant data or information. Given the lack of regulatory reporting, this challenge is particularly acute and difficult to resolve.

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15 Alquist and Yamarthy (2023), *Hedge Funds and Treasury Market Price Impact: Evidence from Direct Exposures*, August, Maria Ferrara et al. (2024), *Hedge funds: good or bad for market functioning?*, September, and Epp and Gao (2025), *Are Hedge Funds a Hedge for Increasing Government Debt Issuance?*, May.

16 Sovereign bond markets play a fundamental role in supporting monetary policy implementation, financial intermediation, and risk management. Their resilience is critical for preserving financial stability, particularly during periods of stress.

17 Whether voluntarily by the nonbank based on its risk appetite, or because of external pressure, for example due to collateral/margin calls.

18 Barth and Kahn (2020), *Basis Trades and Treasury Market Illiquidity*, July, and Pinter (2023), *An Anatomy of the 2022 Gilt Market Crisis*, March.

19 Crowdedness refers to large and concentrated risk exposures held by a cohort of market participants with highly similar investment strategies that lead them to act uniformly.

20 FSB (2023a).

- For hedge funds, where at least some data are available, entity-level data (i.e. balance-sheet data) are often reported with significant time lags, mostly with a quarterly frequency, and with insufficient granularity (e.g. missing currency breakdowns) to assess concentration or crowdedness, for example. This undermines timely risk monitoring and raises concerns about *data quality*. These challenges also limit the ability to integrate exposure data (which are "stock" data) with data on derivatives and SFTs obtained from trade repositories (which are "flow" data), posing *data use* challenges.

- Many leveraged positions are initiated by nonbanks in one jurisdiction but may have significant impacts on markets in other jurisdictions. Authorities are able to see nonbanks' domestic footprint but often lack information on their global strategy, activities or exposures. Different reporting practices across jurisdictions hinder authorities' ability to assess vulnerabilities with a pronounced cross-border dimension. This also obstructs efforts to build a comprehensive picture of positions taken by, and vulnerabilities in, nonbanks at a global level, which can be particularly problematic during a crisis event. For example, there is no harmonised definition or standards for measuring leverage by strategy, hinting at challenges related to *data quality* (i.e. lack of standardisation), which is a prerequisite for effective and successful *data or information sharing*. Likewise, the limited use of identifiers often hinders the identification of nonbanks and their leveraged trading positions.

- Access to data by authorities with a financial stability mandate varies across jurisdictions. In several jurisdictions, only market authorities have access to the data reported by funds, while bank regulators have exclusive access to data reported by bank leverage providers. These challenges are even more pronounced in the context of *data or information sharing* with non-domestic authorities. Barriers to data sharing are mostly related to legal restrictions.

### *Workplan for the test case*

To investigate how best to address data challenges related to the test case on leveraged trading strategies in sovereign bond markets, the FSB intends to initially structure the work into four components. The first component will summarise prior work undertaken by the FSB and its members. It will collect member authorities' approaches to leveraged trading strategies in sovereign bond markets, including their analytical frameworks, the metrics they use, and the data they rely on. The second component will develop a common analytical framework to assess leveraged trading strategies sovereign bond markets and their associated financial stability risks. This analytical framework should be sufficiently flexible to accommodate the different approaches used by members while including metrics that are comparable across jurisdictions. The third component will identify ways to enhance the availability, quality, and comparability of the data and metrics needed to support the analytical framework. The fourth and final component will focus on improving data/information sharing and cooperation among members to effectively assess leveraged trading strategies in sovereign bond markets.