

G20 Implementation Monitoring Review

Interim report



13 October 2025

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Abbreviations

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CCPs	Central counterparties
CFIM	Coordination Framework for Implementation Monitoring
CMG	Crisis management group
CoAGs	Cross border cooperation Agreement
CPMI	Committee on Payments and Market Infrastructures
CRA	Credit Rating Agency
CVA	Credit Valuation Adjustment
D-SIB	Domestic systemically important bank
EDTF	Enhanced Disclosure Taskforce
FMI	Financial market infrastructure
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FINMA	Swiss Financial Market Supervisory Authority
FMI	Financial Market Infrastructure
FX	Foreign Exchange
G20	Group of Twenty
GFC	Global Financial Crisis
G-SIB	Global systemically important bank
G-SIFI	Global systemically important financial institution
G-SII	Global systemically important insurer
IAIS	International Association of Insurance Supervisors
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IMN	International Monitoring Network
IO	International Organisation
IOSCO	International Organization of Securities Commissions
IRB	Internal Ratings Based Approach
LEI	Legal Entity Identifier
MMF	Money Market Fund
NAV	Net Asset Value

NBFI	Non-Bank Financial Intermediation
OEF	Open-ended-fund
OSSG	Official Sector Steering Group (financial benchmarks)
OTC	Over the counter
RAP	Resolvability assessment process
RCAP	Regulatory Consistency Assessment Programme
ReSG	Resolution Steering Group (FSB)
RRI	Resolution Reform Index
SCSI	Standing Committee on Standards Implementation (FSB)
SI>1 CCP	CCP that is systemically important in more than one jurisdiction
SIFI	Systemically important financial institution
SFT	Securities Financing Transaction
SSBs	Standard setting bodies
STC	Simple, Transparent, Comparable (Securitisation)
TBTF	Too Big to Fail
TLAC	Total loss-absorbing capacity (also referred as GLAC)
UK	United Kingdom
US	United States

Foreword

I am pleased to present to the Group of Twenty (G20) this interim report of the Financial Stability Board (FSB) Implementation Monitoring Review.

The Global Financial Crisis (GFC) of 2007–2008 underscored the significant risks posed by the interconnectedness of the global financial system, as the collapse of a limited number of major financial institutions rapidly triggered economic disruptions worldwide. It revealed how excessive risk-taking, inadequate regulatory frameworks, and the proliferation of poorly understood embedded leverage in complex financial products could destabilise financial markets and severely affect real economies, resulting in widespread unemployment and business failures. The crisis also highlighted the fragility of global trade and investment flows, as the contraction of credit markets led to a sharp decline in economic activity across borders. Furthermore, it led to large-scale government and central bank interventions. This increased public debt and put taxpayer money at risk. It eroded public trust and raised some concerns about the possibility of a wider economic collapse. Ultimately, the GFC emphasised the critical importance of robust global financial governance and international cooperation to mitigate systemic risks and safeguard the global economy.

The FSB was established by the G20 in April 2009 as a direct response to the GFC. Its formation reflected a recognition of how interconnected financial markets had become, requiring a coordinated and inclusive approach that involves major economies, emerging markets, and key international institutions. During subsequent periods of market stress, the FSB along with standard-setting bodies (SSBs) played a critical role in coordinating international efforts to monitor vulnerabilities across the financial system, assessing the implications of market disruption and making recommendations to strengthen resilience. By providing a platform for collaboration and driving reforms, the FSB aims to strengthen the resilience of the global financial system and prevent or moderate future crises.

The unique value of the FSB is that it brings together ministries of finance, central banks, supervisory and regulatory authorities, regional bodies, SSBs and international organisations (IOs) to develop recommendations across different sectors of the financial system that have consensus support across jurisdictions. On this basis, the FSB has been able to focus its attention on the most dynamic parts of the financial sector, in particular the non-bank financial intermediation sectors, where the drivers of financial stability risk differ in some ways from those of the banking sector, as well as on the dynamic market for crypto-assets. The FSB's extensive internal debates have allowed the lessons learned from different stress events, including the GFC itself, to be drawn out and translated into recommendations that have global support.

Over the past 15 years, at the direction of the G20, the FSB and relevant SSBs have developed a series of comprehensive recommendations. The effective implementation of the recommended measures can help protect the global financial system from shocks and disruptions. Effective implementation is also key for a global level playing field, can avoid market fragmentation and reduces regulatory burden and legal uncertainty. This makes global financial markets more efficient in serving the real economy and reduces the risk of significant disruption from financial sector events.

While it is impossible to completely eliminate the risk of uncontrolled amplification of shocks to the financial system, the development and consistent application of these recommendations can substantially reduce the likelihood and impact of such scenarios. A key indicator of progress in this regard is the frequency with which public authorities are required to intervene on an extraordinary basis to support the real economy and restore market functioning and investor confidence. When the global financial system operates as intended, such interventions—often costly and disruptive and sometimes entailing longer term “moral hazard” of their own—should be rare, if not entirely unnecessary. This underscores the importance of ongoing efforts to fortify the system and safeguard its stability.

Monitoring vulnerabilities in the global financial system is a core component of the FSB’s mandate, as is developing recommendations to mitigate these and promoting enhanced monitoring practices among its members. However, identifying vulnerabilities, coordinating efforts, and then developing recommendations is not enough if those recommendations are not implemented. The FSB fully respects the independence of jurisdictions in deciding when and how to implement the agreed recommendations, especially as jurisdictions’ circumstances and the financial sector evolve. The FSB’s work is built on the expectation that FSB members will follow through on the recommended measures to which they by definition all agreed at the time as a matter of consensus. FSB members rely on this collective support to ensure the global financial system remains resilient and efficient.

Recognising the complexities of implementation, the FSB has established a long-standing programme of work to support jurisdictional efforts. This work has been carefully and systematically executed over the last 15 years. Nevertheless, it is appropriate periodically to assess whether the FSB is doing enough in this regard. Such reflection is both timely and necessary to ensure the FSB continues to fulfil its mandate effectively.

One of the most effective measures of the FSB’s success lies in the progress made in implementing its recommendations. This first interim report to the G20, prepared at their request, provides an overview of the current state of implementation of the G20 financial reforms. In forming this assessment, I and the high-level group of FSB members who have worked with me, have greatly benefited from close engagement with the FSB Plenary, whose insights and contributions have been invaluable. Rather than examining possible reasons for non-implementation in this first report, I have focused on forming a broad assessment of the overall pattern of implementation of FSB recommendations.

My overall conclusion for the G20 is that, while there is much positive progress to report, there are important reforms that are not yet fully implemented. This must be assessed against the background of continually changing bank and non-bank sectors and dynamic technological and financial innovation, making implementation of present and future recommendations an increasingly important focus. There has been a concerning trend of delayed or stalled implementation in recent years, which is critical to understand and address before it becomes entrenched. I therefore recommend that the G20 and the FSB consider ways to enhance the FSB’s monitoring and support mechanisms to ensure these mechanisms remain robust and fit for purpose in the years ahead.

Randal K. Quarles

Executive summary

At the request of the South African G20 Presidency, the FSB is undertaking a review of how it monitors implementation of the G20 reforms against a backdrop of rising concerns that the impetus to implementation may be weakening. This interim report provides an initial assessment of how well implementation of these recommendations is progressing.

Since the GFC in 2008, the FSB and SSBs, under the leadership of the G20, have advanced an ambitious programme of financial reforms. The FSB has issued a wide array of recommendations. These include requirements for identifying G-SIBs, establishing their Total Loss Absorbing Capacity (TLAC), and shaping their remuneration policies. The recommendations also address the critical issue of resolution processes, not only for G-SIBs but for other financial institutions as well. A comprehensive set of recommendations focuses on non-bank financial intermediation (NBFIs), drawing on lessons from the GFC and subsequent episodes of market stress, particularly in March–April 2020. Having initially identified a broad range of risks that can arise from NBFIs over the last decade, more recent recommendations have primarily aimed to address liquidity vulnerabilities arising from maturity transformation within certain NBFIs business models. The FSB has also recently placed a focus on leverage in NBFIs and on crypto assets. This report highlights a range of reforms relevant to financial stability, informed by lessons from the GFC and other periods of financial stress.

The lessons learned from the GFC, the COVID-19 pandemic, and the banking turmoil of 2023 emphasise the critical importance of robust global financial governance and international cooperation. The FSB, in collaboration with the SSBs, has been instrumental in identifying vulnerabilities, developing comprehensive recommendations, and enhancing the resilience of the global financial system. The ultimate success of these efforts depends on the timely and consistent implementation of agreed reforms across jurisdictions. These reforms reflect jurisdictions' commitment to a regulatory baseline and provide them with the flexibility to tailor implementation to their jurisdictional circumstances while ensuring a level playing field and avoiding harmful market fragmentation.

The Basel III framework remains a cornerstone of global financial stability, yet its implementation is incomplete. A number of the members of the FSB have expressed concern that delays – the protracted timeline is now nearing two decades – and implementation differences could pose risks and be a source of vulnerability itself. This highlights the challenges of addressing complex reforms in a dynamic financial sector. It is outside the remit of this interim report to make recommendations to the Basel Committee on how it sets its standards or conducts its monitoring, but the fact that Basel III has yet to be fully implemented forms part of the background to the conclusions drawn in this report.

The policy framework which strives to end the “too-big-to-fail” phenomenon has seen significant progress. The FSB Key Attributes of Effective Resolution Regimes for Financial Institutions are a fundamental component of global efforts to address the “too-big-to-fail” (TBTf) challenge, with the goal that systemically important financial institutions (SIFIs) can fail without causing systemic disruption or requiring taxpayer-funded bailouts. Despite progress such as the implementation of TLAC requirements for G-SIBs and the establishment of cross-border resolution protocols and crisis management groups (CMGs), critical gaps remain. These include incomplete adoption of resolution funding frameworks, insufficient legal powers to address resolvability challenges, and

delays in operationalising bail-in mechanisms. There is inconsistent implementation of reforms related to the banking sectors of some jurisdictions and implementation across other sectors, including insurance, financial market infrastructures (FMIs), and NBFIs, remains incomplete.

Compensation practices in large financial institutions were one of the contributing factors to the excessive risk-taking that was prevalent in the run up to the GFC as they caused misaligned incentives. The regular implementation monitoring of the FSB shows that banks are relatively more advanced than insurance and asset management firms in implementing the Principles and Standards for Sound Compensation practices.

Some NBFIs business models can pose significant risks to global financial stability due to their potential to amplify stress and propagate shocks across the financial system. Episodes such as the market turmoil of March 2020, in the context of a global pandemic exposed vulnerabilities in the NBFIs sector, including excessive liquidity demands and structural mismatches that required public intervention. While significant progress has been made by jurisdictions in implementing policies to address these risks, implementation remains uneven across jurisdictions in certain areas. Key gaps include implementation of recommendations to manage the vulnerabilities arising from liquidity mismatch in money market funds (MMFs) and open-ended funds (OEF), and data collection and sharing of securities financing transactions (SFTs).

The implementation of G20 recommendations to strengthen OTC derivatives markets is largely complete, with only limited progress required in jurisdictions accounting for a small share of global transaction volumes. These reforms have significantly advanced central clearing, but this is less the case regarding the use of data reported to trade repositories.

A wide range of other financial system reforms were agreed in response to the GFC (See Annex 2). Implementation of these reforms is well advanced, but some noticeable gaps remain. These include adoption of the Legal Entity Identifier (LEI), and limited progress in the regulation and supervision of commodity markets.

The initial assessment of implementation status shows that full, timely and consistent implementation has not been completely achieved. This is despite the active programme of implementation monitoring by the FSB and SSBs which has raised awareness and highlighted the importance of implementation of agreed reforms. We should ask ourselves why. While the G20 work planning process is revised annually to respond to the requests of each G20 Presidency, under current plans, the final report of this review will reflect on these findings including what this implementation record suggests for how the FSB's conduct of implementation monitoring could be improved.

1. Introduction

At the request of the South African G20 Presidency, the FSB is undertaking a review of how it monitors implementation of the G20 financial sector reforms. Concerns have arisen about challenges in implementing the agreed G20/FSB financial reforms and that commitment in this regard within jurisdictions may not be as strong as it once was, highlighting the need for increasingly robust implementation monitoring. The G20 has requested the FSB to conduct a review of the past 15 years of its work to encourage and monitor the implementation of these recommendations by member jurisdictions and identify opportunities for improvement.

As a reflection of the commitment of the FSB to robust accountability to the G20, an external Chair, Randal Quarles, has been appointed. The Chair is supported by a small team of FSB Plenary members comprising Ayman Al-Sayari, Governor of Saudi Central Bank; Mark Branson, President of Bundesanstalt für Finanzdienstleistungsaufsicht; Pablo Hernández de Cos, General Manager of Bank for International Settlements and Ryozi Himino, Deputy Governor of Bank of Japan in his capacity as Chair of the Standing Committee for Standards Implementation.

This first report outlines the implementation history of the main G20 financial reforms and provides an initial assessment of how well implementation of these recommendations is progressing. Section 2 of this report provides a brief background on the FSB's role in monitoring and reporting on implementation of FSB/G20 financial sector reforms. Section 3 provides an overview of implementation of post-crisis reforms over the past 15 years, while Section 4 offers conclusions and next steps.

A second phase of work will be undertaken to draw lessons from the history of implementation and implementation monitoring efforts and make recommendations on how the FSB can improve its implementation monitoring.

2. Background

The FSB was established by the G20 in 2009 with the objective of promoting global financial stability by developing robust regulatory, supervisory, and financial sector policies, while fostering a level playing field through consistent implementation across sectors and jurisdictions. The FSB's revised Charter, adopted in 2012, outlines its role in coordinating the efforts of jurisdictional financial authorities and SSBs¹ at the global level to develop and promote the implementation of effective financial sector policies.²

To strengthen the coordination and effectiveness of this monitoring, the FSB, in collaboration with relevant SSBs, established a Coordination Framework for Implementation Monitoring (CFIM).³ The CFIM, endorsed by G20 Leaders in 2011, clarifies the respective roles of the FSB and SSBs in monitoring implementation, distinguishes between priority areas that undergo more

¹ The main relevant standard setting bodies are the Basel Committee on Banking Supervision, the International Organization of Securities Commissions, and the International Association of Insurance Supervisors. There are a number of other international SSBs who also make important contributions.

² See Article 1 of FSB (2012), *Charter of the Financial Stability Board*, June.

³ FSB (2011), *A Coordination Framework for Monitoring the Implementation of Agreed G20/FSB Financial Reforms*, October.

intensive monitoring and detailed reporting versus other reform areas, and sets out reporting structures and information requirements.

The programme of regulatory reforms agreed by the G20 Leaders has addressed many of the fault lines of the GFC.⁴ The FSB and SSBs have established programmes to monitor progress in their implementation and to evaluate the effects of those recommendations. These recommendations, once implemented, have been supportive of continuing global integration of the financial system. This is because they were targeted at reducing systemic risk and strengthening the resilience of internationally active financial institutions, while still supporting the emergence of new forms of financial intermediation. In this way they were designed to avoid the fragmentation of markets.⁵ The FSB has been reporting on the implementation of these and subsequent global financial stability related recommendations to the G20 and the public since 2009.

Within the FSB, the primary mechanisms for monitoring implementation are thematic peer reviews, country peer reviews, stocktakes, progress and assessment reports (regular and ad hoc) and thematic discussions by the Standing Committee on Standards Implementation (SCSI),⁶ examining implementation progress, inconsistencies and gaps in more detail.

In reporting on the implementation status of the G20 reforms including through the Annual Report, the FSB also places reliance on the conclusions of implementation monitoring status efforts of the SSBs and the IMF and World Bank in the Financial Sector Assessment Program (FSAP). Regular implementation reporting to the G20 is an important pillar of the accountability of the FSB to the G20.

The FSB's implementation monitoring is integrated into the broader work of the FSB. Where implementation monitoring and effectiveness evaluations identify systemic challenges, feedback is provided to both the vulnerability assessment and the policy setting processes. Examples of systemic challenges are a wide divergence of approaches to implementation or a lack of implementation; delays in the timing of implementation so that jurisdictions are in significantly different situations for significant periods; and evidence from effectiveness evaluations that the intended effects of the reforms were not sufficiently achieved. Feedback from the FSB's implementation monitoring process to the FSB's vulnerability assessment process could identify where the vulnerabilities have not been mitigated and therefore the reforms did not have their intended effect. Feedback to the FSB's policy setting process could include information on flaws in the policy, miscalibrations or failure of the policy to take account of domestic settings. The vulnerability assessment and policy setting processes should also provide input on the aspects presenting the most material risk to financial stability in order to focus implementation monitoring efforts. These are matters to be considered in the final report.

More details will be provided in our next report on how this implementation monitoring process has been conducted. This report focuses on the G20 financial regulatory reforms over the last

⁴ FSB (2009), *Improving Financial Regulation*, September.

⁵ When G20 Leaders set out the global reform agenda at Pittsburgh in 2009 they said: "we are committed to take action at the national and international level to raise standards together so that our national authorities implement global standards consistently in a way that ensures a level playing field and avoids fragmentation of markets."

⁶ SCSI's functions include, among other things, ensuring comprehensive and rigorous implementation monitoring of international financial standards, agreed G20 and FSB commitments, recommendations and other initiatives in consultation and coordination with other relevant bodies, and reporting to the Plenary on members' commitments and progress in implementation.

15 years on which the FSB has reported to the G20 or published on the FSB website, and which have been acknowledged in G20 communiques since 2010. These criteria should therefore encompass the G20 financial regulatory reforms that have an extensive and widespread impact on financial systems. Some of these standards, notably those relating to banks, are largely not developed by the FSB itself but have been developed with a view to supporting global financial stability. Whether they are implemented or not significantly affects the state of global financial stability; this is why the G20 receives regular reports from the FSB on implementation of G20 financial system reforms including those reforms developed by SSBs, and not only recommendations the FSB itself developed.

Despite intensified international cooperation since the GFC, divergence of approach (sometimes discussed as part of 'geographical market fragmentation') can be a concern. A certain degree of divergence is unproblematic and, indeed, FSB recommendations are usually formulated at a sufficiently high level to allow for flexibility in implementation. However, beyond what the standards may allow, divergence can become problematic. The 2019 Japanese G20 Presidency requested the FSB to explore these issues and consider tools to address them.⁷ The report found that differences in the substance and timing of implementation of international standards may disincentivise or prevent market participants from undertaking certain cross-border activities. It also might limit opportunities for cross-border diversification and risk management in times of stress. On the other hand, some types of market fragmentation that are a by-product of measures to improve domestic resilience could have a positive effect on financial stability by, for example, reducing the transmission of economic shocks between jurisdictions and increasing the resilience of domestic or global financial markets.

Another benefit of regulatory cooperation at a global level is to limit the opportunity for regulatory arbitrage. This occurs when a financial services provider chooses to operate in jurisdictions perceived as more lenient, often due to the jurisdiction's failure to implement measures that it has itself agreed are important. Such situations are cause for concern. The Regional Consultative Group structure of the FSB is an important mechanism to interact with non-members regarding FSB initiatives and to promote implementation with the region of international financial policy initiatives.

3. Assessment of Implementation

This section presents the current implementation status of the main G20 financial reforms that followed the GFC. It relies on previously published implementation reports; no new implementation monitoring work was undertaken. The FSB and relevant SSBs have issued recommendations covering a wide range of topics over the past 15 years. The discussion below follows the distinction in the CFIM, focusing first on the priority areas of the Basel III framework, policy measures for global systemically important financial institutions (G-SIFIs), resolution frameworks, compensation practices, over-the-counter derivatives market reforms, and non-bank financial intermediation. These are followed by implementation of recommendations in several other relevant areas.

⁷ FSB (2019), *FSB Report on Market Fragmentation*, June.

Implementation of these recommendations varies considerably, with some being fully or nearly fully implemented and others lagging significantly even a decade after the recommendations were finalised. In general, recommendations agreed shortly after the GFC have the highest implementation levels, while more recent recommendations have seen more uneven implementation. This could be because the proximity to the crisis spurred implementation efforts. Delays could also be attributed to the COVID-19 pandemic which shifted regulatory focus in line with changes in national priorities.

Certain G20/FSB reform areas involving relatively recent work are not included below given the short time to measure the track record (e.g. recommendations to enhance liquidity preparedness for margin and collateral calls, recommendations to address financial stability risks from leverage in NBFIs, recommendations to achieve greater convergence in cyber incident reporting, the G20 roadmap to enhance cross-border payments and international work related to climate).⁸

3.1. Basel III

In response to the GFC, the Basel Committee on Banking Supervision (BCBS) published three sets of standards that form a comprehensive set of reform measures to strengthen the regulation, supervision and risk management of the banking sector. In 2010 *Basel III: A global regulatory framework for more resilient banks and banking systems*⁹ and *Basel III: International framework for liquidity risk measurement, standards and monitoring* were published,¹⁰ and in 2017 *Basel III: Finalising post-crisis reforms* was published.¹¹ These are a robust set of standards to try to effectively tackle outstanding issues. The finalisation of the Basel III framework and the subsequent implementation monitoring have been regularly reported to the G20 by the BCBS¹² and by the FSB in its Annual Report.¹³

The BCBS actively monitors the timely and consistent implementation of its standards through its rigorous Regulatory Consistency Assessment Programme (RCAP).¹⁴ The RCAP was established in 2012. It comprises two distinct yet complementary components. The first focuses on monitoring the incorporation of Basel III regulatory standards into domestic regulations, measuring timeliness. Progress in this area is documented in the Basel III implementation dashboard.¹⁵ The second component evaluates the consistency and completeness of the

⁸ In July 2021, the FSB published a comprehensive Roadmap related to climate-related financial risks, which was welcomed by the G20. The Roadmap responded to the desire, at that time, of G20 members for coordinated action over a multi-year period between SSBs and other IOs to further understand such risk and address them. Since then, work has been conducted across all four blocks of the Roadmap. See FSB (2025), *FSB Roadmap for Addressing Financial Risks from Climate Change: 2025 update*, July.

⁹ BCBS (2010), *Basel III: A global regulatory framework for more resilient banks and banking systems*, June. Minor revisions to the credit valuation adjustments applied to address counterparty credit risk in bilateral trades were included in the 2011 revised version of the same document.

¹⁰ BCBS (2010), *Basel III: International framework for liquidity risk measurement, standards and monitoring*, December.

¹¹ BCBS (2017), *Basel III: Finalising post-crisis reforms*, December.

¹² BCBS (2020), *Implementation of Basel standards - A report to G20 Leaders on implementation of the Basel III regulatory reforms*, November. The Basel III framework is the most frequently mentioned G20 financial regulatory reform, with 27 mentions in G20 communiqués between 2009 and 2024 welcoming the progressive finalisation of regulations and urging full, timely and consistent implementation.

¹³ See, for instance, the most recent FSB Annual report: FSB (2024), *Promoting Global Financial Stability: 2024 FSB Annual Report*, November.

¹⁴ Basel III implementation is also discussed in IMF Financial Stability Assessment Programs, including in their recommendations.

¹⁵ BCBS, *Basel III Implementation dashboard*.

adopted standards at a jurisdictional level, including assessing the materiality of any deviations from the Basel III framework. These jurisdictional assessments determine in a detailed manner the alignment of domestic regulations with the minimum Basel requirements set by the BCBS and identify significant gaps in implementation.¹⁶ This consistency monitoring follows a pre-determined review schedule, with findings regularly updated and published online.¹⁷ The most recent dashboards published by BCBS show that a significant number of the requirements published in 2010 addressing the weaknesses identified following the GFC have been adopted across the FSB membership. The consistency summary indicates a strong level of compliance across jurisdictions (see Annex 1). However, implementation in many cases was achieved well beyond the original timelines established by the BCBS.

When considering the revised frameworks issued in 2017 there has been steady progress and the reforms that have been implemented to date helped shield the global banking system from a more severe banking crisis during the 2023 banking turmoil.¹⁸ For credit risk, operational risk and the output floor, there are only a small number of jurisdictions that are yet to finalise their rules, whereas for market risk and CVA implementation gaps are more widespread. However, to understand the significance of non-implementation, it is important to consider, on a case-by-case basis which jurisdictions have not yet finalised their rules and how important those jurisdictions are to the global financial system. The Group of Central Bank Governors and Heads of Supervision of the BCBS unanimously reaffirmed their expectation to implement Basel III in full, consistently and as soon as possible.¹⁹

When examined through the lens of market size, some implementation gaps appear material (see Graphs 1 and 2). Two jurisdictions, United Kingdom (UK) and United States (US) have not yet implemented the last of the Basel III measures proposed in 2017. While the UK has confirmed it will implement from the beginning of 2027, the US proposed an implementation framework in 2023 that failed to get public acceptance and is highly likely to be changed by the new administration. It has therefore not announced a revised implementation timeline. For the Fundamental Review of the Trading Book ('market risk') rules, the US is yet to finalise rules while the UK and the European Union (EU) have finalised rules but delayed implementation. Other jurisdictions with notable implementation gaps are Argentina and Australia who had not taken any steps on market risk and CVA; Brazil has delayed implementation of market risk rules and not taken any steps on CVA, India has not taken any steps in credit risk standardised or CVA and is still in draft regulation mode for market risk rules and no published implementation date for operational risk rules. Mexico has not published draft rules for credit risk IRB, CVA or the output floor. Türkiye has credit risk standardised, credit risk IRB, market risk (simplified alternative) operational risk and the output floor still in draft regulation and has taken no steps towards CVA.

¹⁶ The BCBS also monitors the impact of Basel III through quantitative impact studies. See [BCBS Current data collection exercises](#).

¹⁷ BCBS, *RCAP Jurisdictional assessments: regulatory implementation consistency*.

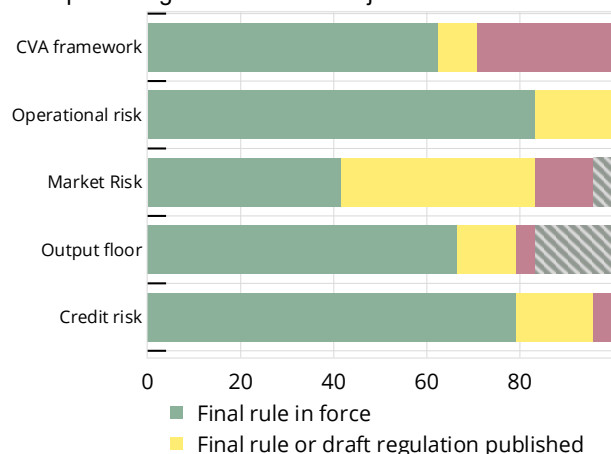
¹⁸ BCBS (2023), *Report on the 2023 banking turmoil*, October.

¹⁹ BCBS (2025), *Press release: Governors and Heads of Supervision reaffirm expectation to implement Basel III and discuss work on financial impact of extreme weather events* May.

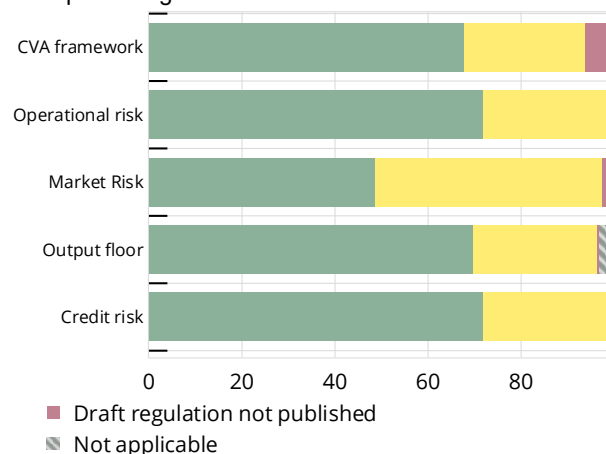
Adoption of revised 2017 Basel III standards due January 2023

Graph 1

As a percentage of FSB member jurisdictions¹



As a percentage of market size²

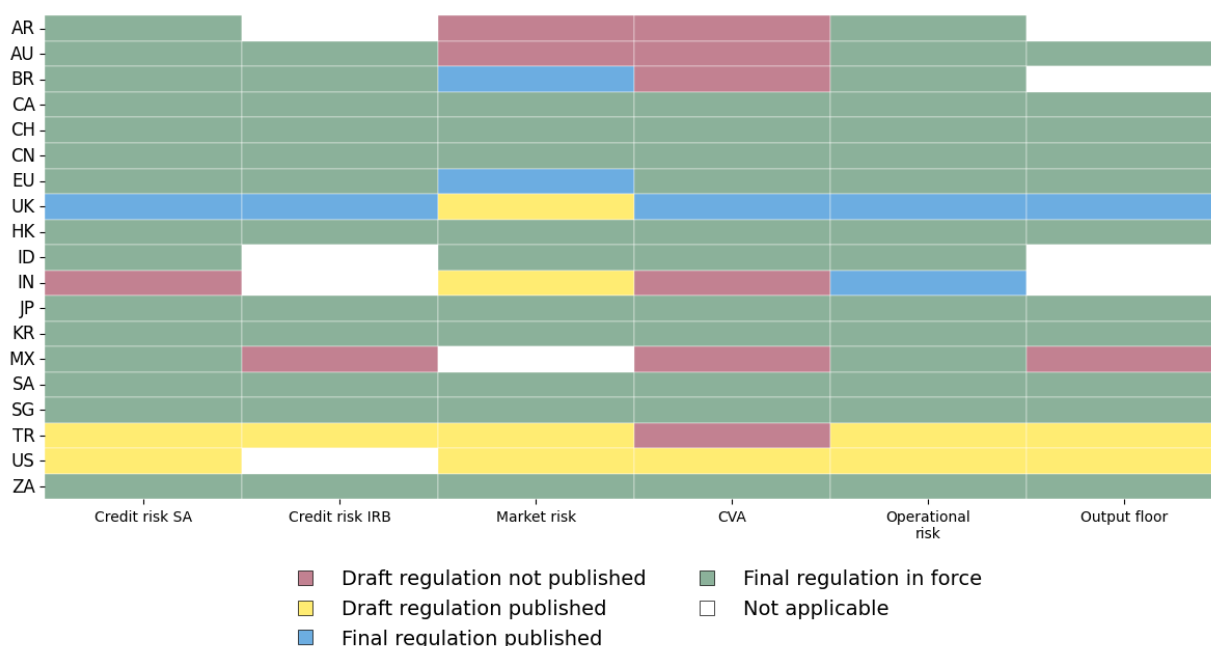


¹ The five EU members of the FSB are presented as separate jurisdictions. ² Market size based on assets of banks domiciled in each FSB jurisdiction at end-2023.

Source: FSB.

Adoption of revised 2017 Basel III standards as of 30 September 2025

Graph 2



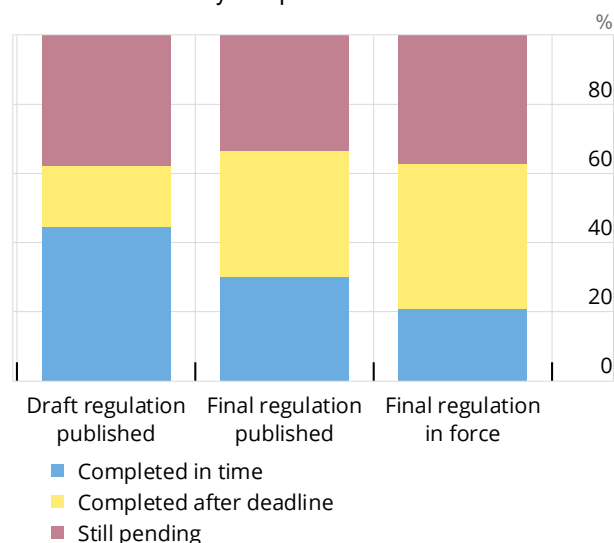
Source: Bank for International Settlements.

When comparing implementation timelines to BCBS set deadlines across all BCBS standards, there are some substantial delays (see Graph 3). The 2019 FSB Report on Market Fragmentation notes that banks in jurisdictions that have not implemented these standards in a timely and consistent manner may be exposed to greater risks as a result of having less prudent and robust regulatory requirements. The 2020 BCBS Implementation report to the G20 notes that delayed implementation may have implications for a level playing field and puts unnecessary pressure on those jurisdictions that have implemented the standards based on agreed timelines.

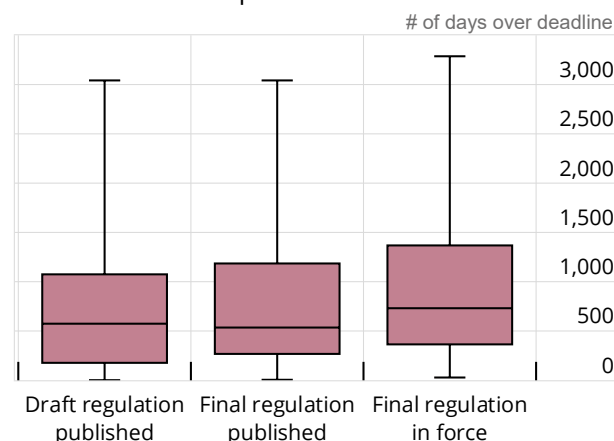
Implementation timeline versus BCBS deadline

Graph 3

A. Share of items by completion status



B. Distribution of completion after deadline



Source: Bank for International Settlements

Progress toward the full implementation of the comprehensive Basel III package continues, amid developing concern among some members that the prolonged timeline to achieve full adoption is itself a significant risk to the global financial system. Characterising the delays in Basel III implementation as merely a timing issue risks understating their significance. When the regulatory development and implementation cycle extends beyond 15 years, it highlights a lack of agility in the system. Current projections suggest that nearly 20 years will have passed from the inception of Basel III to its full development and implementation, underscoring the protracted nature of the regulatory reform process in the banking sector. Although it is impractical to predict the trajectory of future banking regulatory developments, it is unreasonable to expect them to be any less complex or prolonged than the Basel III process has been. The extended timelines for implementing BCBS recommendations are closely tied to the vulnerabilities that concern the FSB. This is particularly relevant given the rapid growth of NBFIs and their potentially significant linkages with the banking system.²⁰

3.2. Policy measures to address too-big-to-fail

Since the GFC, the G20 initiated the development of several recommended tools and standards. In 2009, the G20 requested the FSB to develop “tools and frameworks for the effective resolution of financial groups to help mitigate disruption of financial institution failures and reduce moral hazard.”²¹ At the Cannes Summit in 2011, the G20 endorsed the FSB’s integrated set of policy measures to address the risks SIFIs posed to the global financial system.²² This “SIFI Framework” has several components. New standards were developed: the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions (‘Key Attributes’) ²³ to reform national

²⁰ BCBS (2025), *Bank’s interconnections with non-bank financial intermediaries*, July.

²¹ G20 (2009), *Leaders’ Statement: The Pittsburgh Summit*, September.

²² FSB (2011), *Policy Measures to Address Systemically Important Financial Institutions*, November.

²³ FSB (2011), *Key Attributes of Effective Resolution Regimes for Financial Institutions*, revised in 2014 and in 2024.

resolution regimes; standards for resolvability assessments, recovery and resolution plans and institution-specific cross-border cooperation agreements for G-SIFIs; and standards for additional loss absorbing capacity above the Basel III minimum for the G-SIBs. More intensive and effective supervision was required through stronger supervisory mandates, and higher supervisory expectations for risk management functions, risk data aggregation capabilities, risk governance and internal controls. International standards for core FMIs were strengthened to reduce contagion risks when failures occur.

The challenge was to establish a framework capable of both identifying and addressing potential risks to the global financial system arising from the failure of the largest international financial institutions, thereby significantly mitigating the TBTF issue. During the GFC, the TBTF dynamic led governments to deploy substantial public funds to support insolvent or potentially insolvent financial institutions of systemic importance. This outcome was widely regarded as a highly unsatisfactory aspect of the crisis. In the GFC, governments spent considerable amounts of public money in order to prevent a meltdown of markets and mitigate negative consequences for the real economy. Implicit subsidies turned into explicit subsidies.²⁴

The implementation of the SIFI Framework required, as a first step, the assessment of the systemic importance of financial institutions at a global level. The FSB defined SIFIs as “financial institutions whose distress or disorderly failure, because of their size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity”. The implementation status of the identification of SIFIs varies by sector.

In the case of banks, the BCBS created a methodology to identify the G-SIBs.²⁵ Using the BCBS methodology, starting in 2011, the FSB and BCBS have been annually identifying a group of 29-30 G-SIBs.

In the insurance sector, the International Association of Insurance Supervisors (IAIS) has created a Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector.²⁶ An earlier assessment methodology developed by the IAIS for identifying global systemically important insurers (G-SIIs)²⁷ led to an initial list of G-SIIs published in 2013. However, following the finalisation of the IAIS’s Holistic Framework, the FSB, in consultation with the IAIS and national authorities, suspended G-SII identification from 2020 with discontinuation confirmed in November 2022.²⁸ The FSB is reviewing in 2025 its experiences with the process of assessing and mitigating systemic risk based on the Holistic Framework.

With respect to the FMIs, since 2017, the FSB has been publishing the list of central counterparties (CCPs) that are systemically important in more than one jurisdiction (SI>1 CCPs). It is coordinated by the Committee on Payments and Market Infrastructures (CPMI) and the

²⁴ FSB (2021), *Evaluation of the Effects of Too-Big-To-Fail Reforms*, April.

²⁵ BCBS (2013), *Global systemically important banks: Assessment methodology and the higher loss absorbency requirement*, revised in 2018. This was followed by the principles to also identify domestic systemically important banks, BCBS (2019), *Scope and definitions: Domestic systemically important banks*.

²⁶ IAIS (2019), *Holistic Framework for Systemic Risk in the Insurance Sector*, November.

²⁷ IAIS (2016), *Global Systemically Important Insurers: Updated Assessment Methodology*, June.

²⁸ The FSB announced that it would base its considerations of systemic risk in the insurance sector on the IAIS Global Monitoring Exercise, including the IAIS assessment of systemic risk in the global insurance sector, possible concentration of systemic risks at an individual insurer level, and the supervisory response to identified risks.

International Organization of Securities Commissions (IOSCO) based on the criteria set out in the FSB Guidance on Central Counterparty Resolution and Resolution Planning.²⁹ No other types of FMIs were designated as globally systemically important.

A proposed assessment methodology for global systemically important non-bank non-insurance financial institutions (NBNI G-SIFIs) was issued in 2014-15 for consultation. It has not been pursued further.³⁰

The FSB and BCBS collaborated on the development and implementation of the two additional reform areas of the SIFI Framework: additional loss-absorbing capacity and an enhanced supervisory framework for G-SIBs. The FSB developed the requirements for TLAC,³¹ while the BCBS developed the TLAC holdings standard³² and led the development of higher common equity Tier 1 buffer requirements. Acknowledging their systemic importance in domestic economies, the BCBS also developed a corresponding framework for domestic systemically important banks (D-SIBs). The BCBS monitors compliance with the G-SIB loss-absorbing capacity requirements as part of Basel III monitoring.

The final element of the SIFI Framework, to strengthen the international standards for FMIs, was developed and implemented by CPMI and IOSCO through a joint-governance framework.³³ The implementation of these standards has been monitored by CPMI through self-assessments and two separate peer reviews. Monitoring of the adoption of expectations for sound design and operation of CCPs became a key focus within the broader FSB monitoring of OTC derivatives market reform, further described in section 3.5. Additionally, in 2015, the FSB, CPMI, IOSCO, and BCBS agreed to coordinate their respective international policy work aimed at enhancing the resilience, recovery planning and resolvability of CCPs and adopted a joint workplan for the development of further guidance and supporting the implementation of existing standards relating to CCP resilience, recovery planning, resolution and resolution planning, and analysis of central clearing interdependencies.³⁴ The FSB has focused on resolvability of the CCP, including resolution regimes and resolution planning, supported by adequate resources and tools. Considering that a substantial number of CCPs operate at scale and play a central role in the majority of trading activities within the financial sector, the effectiveness of this component of the SIFI Framework is becoming increasingly critical.

The FSB established in 2012 a firm-specific resolvability assessment process (RAP) to periodically review G-SIFI resolvability at the international level. This process was intended to identify recurring issues and areas of insufficient implementation. The process had the advantage that it would enable the FSB to monitor the resolvability of firms, thereby meeting the second element of the SIFI Framework: the requirements for firm-specific planning and assessments. However, this process was not designed to monitor the broader implementation of the Key Attributes by the authorities themselves, described further in section 3.3.

²⁹ FSB (2017), *Guidance on Central Counterparty Resolution and Resolution Planning*, July.

³⁰ FSB and IOSCO (2015), *Assessment Methodologies for Identifying Non-Bank Non-Insurer Global Systemically Important Financial Institutions*, March.

³¹ FSB (2015), *Total Loss-Absorbing Capacity (TLAC) Principles and Term Sheet*, November.

³² BCBS (2016), *TLAC holdings standard*, October.

³³ CPMI-IOSCO (2012), *Principles for financial market infrastructures*, April.

³⁴ FSB (2015), *2015 CCP Workplan*, September.

In 2013, the FSB published its first detailed progress report on the implementation of the policy measures under the SIFI Framework and a roadmap with next steps.³⁵ Regular progress updates have been reported in the FSB Annual Report since 2014. The 2024 Annual Report highlighted several areas where implementation gaps remained, particularly in establishing comprehensive resolution frameworks for insurers and CCPs, and for banks beyond the G-SIBs. This analysis is described in more detail in section 3.3.

In 2021, the FSB published the results of the evaluation of the extent to which the TBTF reforms for systemically important banks had achieved their objectives.³⁶ Such evaluations are inherently challenging. Nevertheless, it is significant that evaluation found that reforms pursuant to the recommendations made by the FSB had made banks more resilient and resolvable, and that the reforms had produced net benefits to society. Indicators of systemic risk and moral hazard suggested that market participants viewed these reforms as credible. The report introduced the resolution reform index (RRI) to measure (i) the establishment of resolution regimes, (ii) implementation of policies designed to make systemically important banks more resolvable, and (iii) loss allocation. The RRI illustrates that, as of 2021, significant progress had been made by the home jurisdictions of G-SIBs in implementing the resolution reforms, but the implementation of other reforms remained incomplete in several FSB jurisdictions. It seems useful to recalculate this index periodically to provide an additional measure of progress of implementation.

The mechanism for identifying G-SIBs and the associated TBTF reforms have been broadly implemented and appear to be effectively monitored. TLAC has been an important addition to the safety of the global financial system.

3.3. Resolution framework

Creating a resolution framework for “any financial institution that could be systemically significant or critical if it fails” was a cornerstone of the SIFI Framework. The FSB Key Attributes are an “umbrella” standard for resolution regimes for all types of financial institutions. The Key Attributes are the international standard for which the FSB itself is the standard-setter. The Key Attributes have been formulated in broad terms, which already leave jurisdictions significant discretion in implementation. This makes it all the more significant if a jurisdiction were deemed not to have complied with the recommendations contained in the Key Attributes.

Implementation of the Key Attributes required several complex reforms. One of the important accomplishments was the introduction of the FSB’s TLAC standard for G-SIBs, developed in collaboration with the BCBS. All FSB jurisdictions that are home to G-SIBs or a key host of G-SIBs, except Brazil, have issued the requirement for minimum external TLAC. In 2023, the FSB reported that all G-SIBs subject to the final minimum external TLAC requirement as of 2022 were estimated to meet that requirement.³⁷ Another important area of reforms included improving cross-border effectiveness of resolution actions by enhancing the ability to impose stays on termination of financial contracts to support their orderly wind down. This was accomplished through the adoption of the International Swaps and Derivatives Association resolution ‘stay’

³⁵ FSB (2013), *Progress and Next Steps Towards Ending “Too-Big-To-Fail”*, September.

³⁶ FSB (2021), *Evaluation of the effects of too-big-to-fail reforms: Final Report*, March.

³⁷ FSB (2023), *2023 Resolution Report: Applying lessons learnt*, December.

protocol and jurisdictional modular protocol, for which G-SIB adherence reached approximately 80 percent.³⁸

The Key Attributes enhanced international cooperation and collaboration in a crisis through the introduction of CMGs for G-SIFIs, underpinned by institution-specific cross-border cooperation agreements (CoAGs). With regards to banks, this was intended to operate as a complementary measure to the BCBS's efforts to improve information-sharing among supervisors through supervisory colleges for the G-SIBs. The CMGs and CoAGs were broadly implemented by 2023 for the G-SIBs and CCPs that are systemically important in more than one jurisdiction (SI>1 CCPs).³⁹ This appears to be a significant area of strong implementation.

Monitoring of implementation of the Key Attributes has been carried out through three mechanisms – the FSAP, SCSi peer reviews and monitoring by the FSB's ReSG. The IMF and World Bank FSAP includes monitoring of financial safety-net and crisis management for most jurisdictions, which may cover a jurisdiction's recovery, resolution, and broader crisis management frameworks. SCSi conducted thematic⁴⁰ and country peer reviews of resolution regimes and resolution planning. The FSB's Resolution Steering Group (ReSG) also collects self-reported monitoring of implementation of elements of the Key Attributes and, since 2012, the FSB has been publishing results of this monitoring in an annual progress report ('Resolution Report').

The FSB, in collaboration with the IMF, the World Bank, and relevant SSBs, developed methodologies to assess implementation of the Key Attributes for the banking sector⁴¹ and for the insurance sector.⁴² There have been no Key Attributes compliance assessments since these assessment methodologies were established. However, FSAPs of FSB members have identified important implementation gaps and challenges related to the Key Attributes. While FSAP assessments have evolved over time as the FSB developed more detailed guidance, recent FSAP findings have included recommendations for jurisdictions to improve the operationalisation of cross-border bail-in and establish approaches to address liquidity needs of banks in resolution. These appear to be areas of particular weakness in implementation.

The SCSi thematic peer reviews of implementation of resolution regimes, conducted in 2016, and resolution planning, carried out in 2019, reported some important implementation challenges. These included variance in scope of application of resolution regimes for different types of financial entities, and a variance of the conditions for the use of resolution powers. Regarding resolution regimes for banks, which is relatively more advanced than for other sectors of the financial system, the reports highlighted challenges to ensuring that resolution can be conducted effectively. Less progress had been made on issues such as funding in resolution, valuation and developing effective cross-border cooperation and information sharing arrangements. Findings from these past SCSi peer reviews still remain largely relevant (see Graphs 4 and 5). By their design, the scope of the peer reviews did not cover implementation of

³⁸ FSB (2022), *2022 Resolution Report: Completing the agenda and sustaining progress*, December.

³⁹ Ibid.

⁴⁰ FSB (2013), *Thematic Review on Resolution Regimes*, April, FSB (2016) *Second Thematic Review on Resolution Regimes*, March, and FSB (2019) *Thematic Peer Review on Bank Resolution Planning*, April.

⁴¹ FSB (2016), *Key Attributes Assessment Methodology for the Banking Sector*, October.

⁴² FSB (2020), *Key Attributes Assessment Methodology for the Insurance Sector*, August.

all 12 Key Attributes and therefore did not provide a clear indication of which jurisdictions had fully implemented the Key Attributes and those that had not. However, the thematic peer reviews recommended the full implementation of the Key Attributes by jurisdictions, suggesting that implementation was incomplete, and called for the FSB to provide additional guidance on the application of the Key Attributes and measures to support implementation via workshops and technical assistance. Of the 12 country peer reviews that included resolution as a topic, almost all focused on the resolution regimes for banks. There has not been a dedicated review for the implementation of the resolution regime for the CCP sector which means that it is not possible to draw a more informed conclusion on the implementation.

For the insurance sector, the IAIS has made significant efforts to assess the implementation of its standards for the insurance sector, including recovery and resolution requirements.⁴³ The IAIS evaluations to date have been based on a version of the IAIS standards that predates amendments made in December 2024 to address inconsistencies with the Key Attributes. The IAIS assessments made prior to these amendments show progress in crisis preparedness, such as establishing CMGs, CoAGs, and recovery plans, as well as advancements in resolution frameworks, though some gaps remain.⁴⁴

At a more granular level, the FSB's ReSG has been conducting the Resolvability Assessment Process (RAP) for the G-SIFIs. The RAP is a critical tool for monitoring implementation of resolution reforms; the tool was not designed for assessments at a jurisdictional level. The RAP is carried out by reporting through self-assessment detailed questionnaires provided by the home resolution authority for a given financial institution. The objective of the RAP questionnaires is to share and discuss obstacles to the resolvability of G-SIBs in a consistent manner, determine actions to improve resolvability and, by so doing, increase trust and cooperation between home and host authorities of a G-SIB. The RAP submissions show progress in improving resolvability of G-SIBs over time; however, because the RAP questionnaire is self reported by each resolution authority, the level of detail and quality of the information varies both across firms and over time limiting the ability to measure individual firm and jurisdictional progress and comparability across firms and jurisdictions. While resolvability monitoring provides important insights into the resolution preparedness of specific firms, it does not comprehensively assess jurisdictional implementation of all 12 Key Attributes or the feasibility of resolution plans. Indeed, it is difficult to see how global oversight of the feasibility of such resolution plans could be conducted to conclude that they have been adequately tested. The results of this monitoring are not published by the FSB, although, some authorities have been voluntarily publishing their assessments. This is a helpful initiative.

Despite extensive monitoring activities and efforts to promote implementation of the recommended resolution standards, the full implementation of the recommended Key Attributes has not occurred in all G20 jurisdictions, and important gaps remain in adopting and operationalising resolution regimes. The Resolution Report has reported FSB members' self-assessed implementation progress of subset of the twelve Key Attributes for banks, insurers and CCPs since 2012 (see Graphs 4 and 5). The FSB does not regularly monitor implementation of

⁴³ IAIS (2024), Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurance Groups, December.

⁴⁴ IAIS (2023), Report on the TJA of the Implementation of the HF Supervisory Material, April.

all 12 Key Attributes across the sectors but focuses on selected elements of the standard.⁴⁵ This has also weakened our ability to draw informed conclusions at a global level. However, self-reporting of implementation of resolution powers (Key Attribute 3) for banks and insurers shows gaps in introducing the full suite of resolution tools and powers with progress concentrated in a few large financial centres such as the EU, UK, and US. Many jurisdictions have focussed instead on implementing recovery and resolution planning and resolvability assessments (Key Attributes 10 and 11), although several do not have powers to require firms to make structural changes to improve resolvability. Some jurisdictions report no plans to introduce resolution frameworks or implement the full suite of resolution tools and powers. Common reasons include lack of flexibility for different institutional arrangements (e.g. publicly owned financial institutions) and implementation costs. Several jurisdictions choose to rely largely on supervisory powers or sector-specific insolvency laws. Finally, despite FSAPs identifying gaps in resolution funding frameworks in several FSB members as early as 2018, the FSB has not conducted comprehensive implementation monitoring of Key Attribute 6 or the related FSB guidance.⁴⁶ This is particularly important given FSB work has found there are challenges to the effective use of public sector backstop funding mechanisms in resolution.⁴⁷

The failure of Credit Suisse, a G-SIB, in 2023, was the most significant failure of a financial institution since the GFC. The FSB published a report to review the lessons from the actions taken by the authorities for the operation of the international resolution framework.⁴⁸ The report concluded that the Key Attributes provided a credible resolution framework, and noted the important role that TLAC, firm-specific resolution planning, temporary public sector backstop funding and cross-border cooperation played in mitigating the impacts of the failure of Credit Suisse. This supports the appropriateness of the foundational components of the resolution framework set out in the Key Attributes. Nonetheless, the report recommended five areas to strengthen the implementation of the framework, including implementation of effective public sector backstop funding mechanisms and operationalisation of bail-in, among others.

With regard to CCPs, there are three key concerns: (i) assurance of continuity of future trading through a resolution process of a major CCP, (ii) the legal risk that the operation of the waterfall could be challenged, thus disrupting market continuity and (iii) assurance that resolution arrangements with complex portability and reallocation processes will be adequately staffed in a timely way. Additionally, more broadly, an implementation of some resolution tools to resolve failing or failed CCP could have pro-cyclical effects. While resolvability monitoring processes for CCPs that are systemically important in more than one jurisdiction provide insights into the resolution planning and cooperation arrangements for the authorities, we have been unable to identify a source of information on the implementation of the Key Attributes in this sector, which give comfort as to the extent of implementation of the reforms to mitigate these CCP-specific risks.

⁴⁵ For example, for banking the monitoring does not include Key Attribute 2 (resolution authority), Key Attribute 5 (safeguards), Key Attribute 6 (funding of firms in resolution), Key Attribute 7 (legal framework conditions for cross-border cooperation), Key Attribute 8 (CMGs), Key Attribute 9 (institution specific cross-border cooperation agreements), or Key Attribute 12 (Access to information and information sharing).

⁴⁶ To help jurisdictions implement Key Attribute 6, the FSB published the 2016 Guiding Principles on the temporary funding needed to support an orderly resolution of a global systemically important bank and the 2018 Funding Strategy elements of an implementable resolution plan.

⁴⁷ FSB (2023), *2023 Bank Failures: Preliminary lessons learnt for resolution*, October.

⁴⁸ Ibid.

Overall, implementation issues with the SIFI framework in general and the Key Attributes persist. It is notable that Switzerland has responded to the Credit Suisse case by taking very significant initiatives to reform their regime.⁴⁹ While such progress is commendable, it is far from ideal that jurisdictions must experience a major crisis to drive reform. A more proactive approach is preferable, with the FSB playing a key role in motivating and supporting jurisdictions to achieve more comprehensive and practical implementation of the Key Attributes to mitigate the TBTF risk. It is also worth noting that there is no comparable precedent, like the Credit Suisse case, involving the crisis or failure of an insurer, CCP, or other significant financial institution.

Status of implementation of aspects of bank resolution regimes

Graph 4



* Whilst Russia is a member of the FSB, Russian authorities have agreed not to participate in the FSB until further notice. The status of Russia in these charts is based on information in 2021

Source: Annex 1 and Annex 2 of FSB (2024), *2024 Resolution Report: "From Lessons to Action: Enhancing Resolution Preparedness"*, December.

⁴⁹ Swiss Federal Council (2025), *Press release*, June.

Status of implementation of aspects of insurance resolution regimes

Graph 5



* Russian authorities have agreed not to participate in FSB meetings at present. The status of Russia in these charts is based on information in 2021

Source: Annex 1 and Annex 2 of [2024 Resolution Report: From Lessons to Action: Enhancing Resolution Preparedness](#), December.

3.4. Compensation

Compensation practices in large financial institutions were one of the contributing factors to the excessive risk-taking that was prevalent in the run up to the GFC. At the request of the G20, the FSB developed in September 2009 Implementation Standards for the Principles for Sound Compensation Practices. They were published by the Financial Stability Forum (the precursor to the FSB) in April 2009.

The implementation monitoring of compensation practices shows a mixed picture. Since 2011, also at the request of the G20, the FSB has been publishing implementation monitoring reports on compensation practices focused on remaining gaps and impediments to full implementation of these standards.⁵⁰ The last full progress report published in 2021 showed uneven progress towards implementing the Principles and Standards, with banks relatively more advanced than insurance and asset management firms.⁵¹ In 2024 the FSB examined legal and regulatory challenges to the use of compensation tools. It found that while challenges remain, they are not insurmountable and several jurisdictions have implemented legal and regulatory changes related

⁵⁰ The 2011 Cannes Declaration also called on the FSB to carry out an on-going bilateral complaint handling process to address level playing field concerns of individual firms. For more information, see FSB (2012) [The Bilateral Complaint Handling Process](#), March.

⁵¹ FSB (2021), [Effective Implementation of FSB Principles for Sound Compensation Practices and Implementation Standards: 2021 progress report](#), November.

to the use of compensation tools, and many jurisdictions have updated legislation or issued regulatory or supervisory guidance.⁵²

3.5. NBFIs reforms

The GFC revealed the vulnerabilities caused by intensifying engagement of NBFIs in funding credit provision and other financial services. These activities often operated under different regulatory frameworks than those applied to banks, or under no regulatory framework at all. NBFIs entities can be an important and diversified source of credit, competition, and innovation within financial systems. Since the GFC, the non-bank sector has continued to expand, driven in part by improved capital standards for banks that resulted in more appropriate pricing of credit risk financed through deposits. By 2023 the NBFIs share of total global financial assets had risen to 49.1%.⁵³ It became clear over a decade ago that the FSB, with the support of SSBs (in particular IOSCO), would need to take the lead in analysing the effect on financial stability of this evolution and where appropriate, making recommendations.

At the 2011 Summit meeting in Cannes, G20 Leaders agreed to develop policies to deal with the fault lines exposed by the GFC in the part of the financial system that extends credit but is outside the regulated banking sector. Those fault lines centred on a heavy reliance on short-term wholesale funding, incentive issues in securitisation that weakened lending standards, and a general lack of transparency that hid growing amounts of leverage and mismatch between long-term credit extension and short-term funding.

The FSB's strategy to address these vulnerabilities consisted of two key elements: first, establishing a monitoring framework to track developments in the financial sector outside the banking system;⁵⁴ and second, developing tailored recommendations to ensure the appropriate oversight and regulation of NBFIs activities that could amplify shocks, while ensuring these measures are proportionate to the business models of those non-bank intermediaries.

The work has progressed mainly in two stages – post GFC work and more recent efforts in the last five years. The key elements that have been focused on over the last decade have been the separate sets of recommendations to strengthen liquidity management of money market funds (MMFs) and of investment funds. Below, we first examine the implementation of the immediate post-GFC reforms, followed by an assessment of the 'next generation' recommendations that have been developed to address what the FSB identifies as the most persistent and significant vulnerabilities. Monitoring and reporting on implementation of NBFIs reforms has been carried out by the FSB and by SSBs for their respective areas, with the main findings presented in the FSB Annual Report.

⁵² FSB (2024), *Legal and regulatory challenges to the use of compensation tools*, November.

⁵³ FSB (2024), *Global Monitoring Report on Non-Bank Financial Intermediation 2024*, December. Note that there is a variation among jurisdictions regarding the relative growth of NBFIs and banks.

⁵⁴ To assess global trends and risks in NBFIs, the FSB has been conducting an annual monitoring exercise since 2011. See FSB (2024), *Global monitoring report on non-bank financial intermediation 2024*, December.

Post GFC NBFi Reforms

The FSB, working with SSBs, developed a framework and policy toolkit for strengthening the oversight and regulation of nonbank entities and identified five key areas of action.⁵⁵ The policy framework, developed in 2013 and endorsed by the G20, identified five specific areas in which policies were needed to mitigate the potential systemic risks associated with NBFi. Implementation of these reforms is advancing but at an uneven pace across reforms and jurisdictions.⁵⁶

Mitigating spillovers

Jurisdictions have largely implemented the Basel III reforms that were meant to mitigate spillovers between banks and non-bank financial entities. Relevant BCBS policies include higher capital requirements for banks' exposures to non-bank financial entities,⁵⁷ the standard for measuring and controlling large exposures,⁵⁸ and enhancements to the prudential treatment of banks' off-balance sheet exposures and guidance on the identification and management of step-in-risk.⁵⁹ As part of the RCAP, the BCBS regularly monitors the implementation of these policies, with the exception of the guidance on the identification and management of step-in risk. All but three FSB jurisdictions have implemented applicable risk-based capital requirements for banks' investments in the equity of funds.⁶⁰ Only one FSB jurisdiction has not yet implemented the supervisory framework for measuring and controlling banks' large exposures.⁶¹ Our broad comments on Basel III from earlier in this report apply also to this aspect of the matter.

Money Market Funds

Adoption of the 2012 IOSCO recommendations to reduce the run risk of MMFs is well-advanced, and furthest along in the largest MMF markets. IOSCO issued policy recommendations in October 2012 that provided the basis for common standards of regulation and management of MMFs across jurisdictions.⁶² IOSCO regularly monitors implementation of some of these reforms, and the FSB publishes the findings in its Annual Report. IOSCO's annual monitoring covers the recommendations relating to valuation practices of MMFs; liquidity management for MMFs; and a stable Net Asset Value (NAV). IOSCO has also published peer reviews on implementation of the reforms and in 2020 a consistency review covering the nine largest MMF

⁵⁵ FSB (2013), *Overview of Policy recommendations for Shadow Banking*, August.

⁵⁶ Further detail on implementation of several of these reforms can be found in FSB (2023), *Implementation of G20 Non-Bank Financial Intermediation Reforms: Progress report*, January.

⁵⁷ See BCBS [higher risk-weights for banks' exposures to unregulated financial institutions](#) and [risk-based capital requirements for banks' investments in funds](#).

⁵⁸ See the BCBS [Large exposures standard](#).

⁵⁹ BCBS (2017), *Guidelines: Identification and management of step-in risk*, October.

⁶⁰ These are India, Mexico and the US. In addition, the requirements are not applicable for Indonesia, where banks are prohibited from making equity investments in funds.

⁶¹ The remaining jurisdiction is Russia. BCBS jurisdictional assessments review the extent to which domestic regulations in each member jurisdiction are aligned with the minimum regulatory standards agreed by the BCBS. Assessments covering the large exposures framework have been published for all but two FSB jurisdictions; 13 were assessed as "compliant" and five (including the EU) were assessed as "largely compliant."

⁶² IOSCO (2012), *Policy Recommendations for Money Market Funds: Final Report*, October.

domiciles and the recommendations in the three areas above.⁶³ As of September 2024 all FSB members adopted the fair value approach for valuation of MMF portfolios.⁶⁴ In addition, all FSB jurisdictions except five⁶⁵ have liquidity management reforms in effect. These five jurisdictions account for a very low percentage of MMF assets under management across FSB jurisdictions. Finally, 11 of the 12 FSB jurisdictions that permit MMFs offering a stable NAV have implemented the IOSCO reforms to address the risks and issues that may affect the stability of such MMFs.⁶⁶ IOSCO's 2020 review found that the policy measures in nine jurisdictions representing about 95% of global net MMF assets are generally in line with the IOSCO recommendations. However, there were deficiencies in these reforms that made MMFs susceptible to sudden and disruptive redemption – for instance, regulatory thresholds that may give rise to cliff effects. The FSB therefore revised its MMF recommendations (discussed below).

Securitisation Reforms

Adoption of the IOSCO recommendations on incentive alignment approaches for securitisation and of the BCBS standard on revised securitisation framework are ongoing. Securitisation allows the transfer of risk away from the traditional banking sector and provides a source of funding for banks, but the complex structuring of some securitisation before the GFC created incentives to weaken lending standards and generated an undetected build-up of leverage. IOSCO issued policy recommendations related to transparency, standardisation and incentive alignment in 2012, and regularly monitors implementation of some of these reforms.⁶⁷ The BCBS updated its securitisation framework in 2014.⁶⁸ In addition, the BCBS and IOSCO published criteria for identifying simple, transparent and comparable (STC) securitisations in 2015.⁶⁹ The BCBS updated its securitisation framework in 2016 to include the regulatory capital treatment for STC securitisations and in 2018 to include the capital treatment for STC short-term securitisations.⁷⁰

As of September 2024, all but six FSB jurisdictions had completed adoption of the IOSCO recommendations on incentive alignment approaches for securitisation,⁷¹ and all but two FSB jurisdictions had implemented the revised BCBS securitisation framework.⁷² A 2025 evaluation assessed the effect of the IOSCO minimum retention recommendations and the BCBS revisions to prudential frameworks for bank securitisation-related exposures in residential mortgage-backed securities and collateralised loan obligation markets.⁷³ The analysis suggests that the BCBS and IOSCO reforms have contributed to the resilience of the securitisation market without

⁶³ IOSCO (2015) *Peer Review of Regulation of Money Market Funds: Final Report*, September; IOSCO (2017) *Update to the IOSCO Peer Review of Regulation of Money Market Funds*, November; IOSCO (2019) *Update to the IOSCO Peer Review of Regulation of Money Market Funds*, October; and IOSCO (2020) *Thematic Review on consistency in implementation of Money Market Funds*, November.

⁶⁴ One jurisdiction (Australia) does not have in place requirements for use of the amortised cost method only in limited circumstances.

⁶⁵ Australia, Indonesia, Mexico, Russia and Türkiye. The status of Russia is based on the information in 2021.

⁶⁶ All but Australia.

⁶⁷ IOSCO (2012) *Global Developments in Securitisation Regulation: Final Report*, November.

⁶⁸ BCBS (2014), *Revisions to the securitisation framework*, December.

⁶⁹ BCBS-IOSCO (2015), *Criteria for identifying simple, transparent and comparable securitisations*, July.

⁷⁰ BCBS (2016), *Revisions to the securitisation framework*, July and BCBS (2018), *Capital treatment for simple, transparent and comparable short-term securitisations*, May.

⁷¹ These are Australia, Brazil, Canada, Mexico, Saudi Arabia and Switzerland (with no active domestic securitisation market).

⁷² Türkiye and the US.

⁷³ FSB (2025), *Evaluation of the Effects of the G20 Financial Regulatory Reforms on Securitisation: Final report*, January.

strong evidence of material negative side-effects on financing to the economy. However, the post-GFC securitisation market has not yet been tested through a full credit cycle to fully confirm the evidence on enhanced resilience.

Implementation of other G20 securitisation recommendations is well-advanced. These include strengthening of supervisory requirements or best practices for investment in structured products; and enhancing disclosure of securitised products and their underlying assets.⁷⁴ The last implementation monitoring in 2022 shows all FSB jurisdictions except the US report that implementation of the recommendations for firms' processes for investment in structured products is complete.⁷⁵ In addition, all FSB jurisdictions except Russia report that implementation of the recommendation on enhanced disclosures is complete.⁷⁶

Securities Financing Transactions

Implementation of FSB recommendations for dampening procyclicality and other financial stability risks associated with SFTs is incomplete and continues to face significant delays in most jurisdictions. To address financial stability risks from SFTs such as repo and securities lending, the FSB published 18 updated policy recommendations in 2015.⁷⁷ The recommendations covered three broad areas: (i) regulatory reporting and market transparency, including the global collection of granular SFT data and aggregation through the FSB, financial institutions' public disclosures of SFT activities, and SFT reporting requirements for fund managers to end-investors; (ii) regulatory requirements such as minimum standards for cash collateral reinvestment, principles for regulations governing the re-hypothecation of client assets, minimum regulatory standards for collateral valuation and management, and minimum haircut standards for non-centrally cleared SFTs (including numerical haircut floors); and (iii) structural aspects such as the evaluation of the possible introduction of central clearing for inter-dealer repos.

The objective of global SFT data collection and aggregation is to help authorities identify global trends and risks in SFT markets in a timely manner. Implementation of these recommendations remains behind schedule with only one jurisdiction fully complying, 14 partially complying and nine not complying. The technical and governance work within the FSB and Bank for International Settlements (BIS) for global SFT data collection and aggregation has been completed, and reporting of aggregated national data has started. However, implementation by most jurisdictions has been slow mainly due to operational and technical issues (e.g. data availability and information technology systems) and legal (e.g. data confidentiality) challenges.

Implementation of the other SFT recommendations is still incomplete and continues to face significant delays in most jurisdictions. Some of these delays stem from the delayed implementation of the final Basel III framework, which includes minimum haircut standards on bank to non-bank SFTs. The FSB similarly adjusted implementation timelines for its

⁷⁴ See the FSB webpage on [Monitoring of Other Areas](#).

⁷⁵ Switzerland reports the recommendation is not applicable, given its market.

⁷⁶ Türkiye and Switzerland report the recommendation is not applicable, given their markets. The status of Russia is based on the information in 2021.

⁷⁷ 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.

recommendations related to minimum haircut standards. In other cases, however, jurisdictions report that the cost of implementing some of the relevant FSB recommendations exceeds the benefits, given the size and characteristics of their domestic SFT market, or that a major challenge in implementation relates to level playing field concerns because some jurisdictions have deferred implementation of the haircut floors for several years.

Notwithstanding limited implementation progress, the potential risks to financial stability stemming from the procyclical build-up of leverage and of liquidity and maturity mismatches by entities in the NBFIs sector through the use of SFTs remain and implementation monitoring will continue.

Other non-bank financial entities

Implementation of most FSB recommendations to assess and mitigate systemic risks posed by other non-bank financial entities and activities is incomplete. The FSB published a high-level policy framework to address risks posed by non-bank financial entities other than MMFs ('Policy Framework') that was endorsed by the G20 in 2013.⁷⁸ An FSB peer review in 2016 of members' progress in implementing the Policy Framework found that continued data gaps and lack of granularity impede a more forward-looking identification of potential financial stability risks.⁷⁹

In a 2017 FSB report to the G20, FSB member authorities agreed to: enhance system-wide oversight of NBFIs and policy responses to address the identified risks identified through implementing the recommendations of the 2016 peer review; strengthen the monitoring of NBFIs activity and the data collection framework; and complete the remaining policy development at the international level and implement the agreed policy recommendations to reduce risks and arbitrage opportunities across jurisdictions and sectors.⁸⁰

Separately, in 2017 the FSB published policy recommendations to address structural vulnerabilities from asset management activities that could potentially present financial stability risks.⁸¹ Several of the recommendations were to be operationalised by IOSCO, in particular most of those relating to liquidity mismatch and leverage within investment funds. IOSCO published, in February 2018, its recommendations for liquidity risk management for investment funds,⁸² and in December 2019, a two-step framework to facilitate more meaningful monitoring of leverage in funds for financial stability purposes in a consistent manner across jurisdictions.⁸³

In 2022, the FSB assessed the effectiveness of its 2017 policy recommendations to mitigate vulnerabilities in OEFs from liquidity mismatch.⁸⁴ This took place in coordination with IOSCO's review of its 2018 recommendations for liquidity risk management for investment funds. The FSB found that authorities had made meaningful progress in implementing the 2017 FSB

⁷⁸ FSB (2013), *Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities*, August.

⁷⁹ FSB (2016), *Thematic Review on the Implementation of the FSB Policy Framework for Shadow Banking Entities*, May.

⁸⁰ FSB (2017), *Assessment of shadow banking activities: risks and the adequacy of post-crisis policy tools to address financial stability concerns*, July.

⁸¹ FSB (2017), *Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities*, January.

⁸² IOSCO (2018), *Recommendations for Liquidity Risk Management for Collective Investment Schemes: Final Report*, February.

⁸³ IOSCO (2019), *Recommendations for a Framework Assessing Leverage in Investment Funds: Final Report*, December.

⁸⁴ FSB (2022), *Assessment of the Effectiveness of the FSB's 2017 Recommendations on Liquidity Mismatch in Open-Ended Funds*, December.

recommendations, but that lessons learned since then had produced new insights into liquidity management challenges in segments of the OEF sector. IOSCO's review of its 2018 recommendations show a high degree of implementation of regulatory requirements consistent with the recommendations' objectives, but some areas may warrant further attention.⁸⁵

The G20 also endorsed additional recommendations specifically for hedge funds. They are largely self-reported by jurisdictions as implemented.⁸⁶ In terms of the requirement for hedge funds or their managers to be registered and to be subject to appropriate ongoing requirements, such as disclosure on their leverage and oversight of their risk management practices, all FSB jurisdictions that permit and have an active hedge funds market reported this recommendation to be implemented in 2016.

In relation to mechanisms for cooperation and information sharing between relevant authorities to ensure effective oversight when a hedge fund is located in a different jurisdiction from the manager, all FSB jurisdictions except China reported implementation of the information sharing networks recommendation to be implemented (or for Argentina and Indonesia, not applicable).

Finally, another recommendation provides that supervisors require institutions that have hedge funds as their counterparties to have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. All FSB jurisdictions reported implementation of the recommendation on counterparty risk management to be fully implemented in 2018.

3.5.2 Second generation NBFIs reforms in the past five years

The FSB has been carrying out further policy work to enhance the resilience of the NBFIs sector, building on the lessons from the March 2020 market turmoil and focusing on broadly four sets of action. This has taken place in an environment where the importance of NBFIs for the financing of the real economy has increased.

In particular, the 2020 market turmoil provided additional lessons and focused attention on particular types of MMFs and on those investment funds that are invested in bonds. Thereafter, the latest phase of this work has shifted focus from assessing the quality of liquidity management to examining the use of leverage. As this work on leverage has only recently been completed, the FSB has not yet assessed its implementation but is giving attention to the extensive involvement of non-bank financial intermediaries in leveraged relative value trading strategies in recent years.

Money Market Funds

The FSB, in collaboration with IOSCO, set out in October 2021 policy proposals to enhance MMF resilience, including with respect to the appropriate structure of the sector and of underlying short-term funding markets. A 2024 FSB review found that progress in implementing the 2021

⁸⁵ IOSCO's review showed that for the 14 FSB jurisdictions comprising over 92% of global AUM, there was a high degree of implementation of regulatory requirements consistent with the objectives of the recommendations. Seven jurisdictions were assessed as fully consistent with all 10 recommendations, and 12 are fully consistent with at least six recommendations.

⁸⁶ See the FSB webpage on [Monitoring of Other Areas](#).

policy proposals had been uneven across FSB member jurisdictions, and concluded that further progress on implementing the FSB policy toolkit would be needed to enhance MMF resilience and limit the need for extraordinary central bank interventions during times of stress.⁸⁷ For example, by early 2024 seven jurisdictions had introduced new policy tools or recalibrated existing ones,⁸⁸ while others were in the process of developing or finalising their reforms.⁸⁹ These findings are also relevant for IOSCO when it revisits its 2012 Policy Recommendations for MMFs in light of the 2021 FSB report. The FSB will assess in 2026 the effectiveness of its 2021 policy proposals to enhance MMF resilience.

Liquidity mismatch in Open Ended Funds

It is a notable feature of the second-generation recommendations that the FSB found that the design of OEFs had not altered significantly in response to its initial recommendations. Therefore, the FSB adopted an alternative, complementary approach of making recommendations focused on funds that invest mostly in bonds.

In December 2023, the FSB published revised policy recommendations to address liquidity mismatch in OEFs,⁹⁰ complemented by new IOSCO guidance on anti-dilution liquidity management tools.⁹¹ The goal of the FSB recommendations, combined with the new IOSCO guidance, is a significant strengthening of liquidity management by OEF managers compared to current practices.

In May 2025, IOSCO published revisions to its 2018 recommendations for liquidity risk management for collective investment schemes.⁹² In addition, IOSCO published guidance for OEFs for the effective implementation of the recommendations for liquidity risk management, which outlines technical elements for effective implementation of its recommendations.⁹³ The IOSCO recommendations and guidance aim to operationalise the 2023 FSB revised policy recommendations to address structural vulnerabilities from liquidity mismatch in OEFs.

The FSB and IOSCO will, by end-2026, take stock of the OEF policy measures adopted by FSB member jurisdictions and by end-2028 assess the effectiveness of their respective revised recommendations in addressing risk to financial stability. This, therefore, remains an area of incomplete implementation of the FSB recommendations, although it is important to note that jurisdictions still have time to complete implementation within the FSB envisaged timelines.

⁸⁷ FSB (2021), *Policy Proposals to Enhance Money Market Fund Resilience*, October and FSB (2024), *Thematic Review on Money Market Fund Reforms: Peer review report*, February.

⁸⁸ China, India, Indonesia, Japan, Korea, Switzerland, US.

⁸⁹ EU, South Africa, UK.

⁹⁰ FSB (2023), *Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds*, December.

⁹¹ IOSCO (2023), *Anti-dilution Liquidity Management Tools – Guidance for Effective Implementation of the Recommendations for Liquidity Risk Management for Collective Investment Schemes: Final Report*, December.

⁹² IOSCO (2025), *Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes*, May.

⁹³ IOSCO (2025), *Guidance for Open-ended Funds for Effective Implementation of the Recommendations for Liquidity Risk Management*, May.

NBFI leverage

The FSB delivered to the G20, in July 2025, policy recommendations on NBFI leverage. These recommendations aim to present authorities with flexibility to select, design and calibrate measures that best address financial stability risks created by NBFI leverage in their jurisdiction, while considering potential adverse effects. These recommendations provide a particularly wide degree of discretion to jurisdictions, recognising the significant differences in the way regulation is organised and the operation of financial markets in different jurisdictions. While that flexibility was intentional, the wide degree of discretion will make implementation monitoring particularly challenging. As these recommendations were recently published, implementation monitoring has not begun.

Liquidity preparedness for margin and collateral calls

Recent episodes of market stress, including the March 2020 market turmoil, the Archegos failure in March 2021, the 2022 turmoil in certain commodities markets, and the September 2022 issues experienced by many pooled liability-driven investment funds, underscore the importance of margin and collateral calls to financial stability. The FSB issued policy recommendations in 2024 to enhance nonbank market participants' preparedness for margin and collateral calls in centrally and non-centrally cleared derivatives and securities markets.⁹⁴ As these policy recommendations are high-level (by necessity, due to their cross-sectoral nature), they may need to be further specified.⁹⁵ The FSB and relevant SSBs will (but have not yet begun to) monitor the progress made by member jurisdictions in implementing these recommendations. Reports published by SSBs in January 2025 complement the FSB's report.⁹⁶ Similar to the FSB recommendations, implementation monitoring on these SSB recommendations has not begun. Implementation is particularly important given the need for the financial sector to be able to meet margin calls in response to price volatility in order to minimise amplification.

3.6. OTC derivatives market reforms

The GFC exposed weaknesses in the structure of OTC derivatives markets. In response the G20 initiated a fundamental overhaul of these markets with the objectives of mitigating systemic risk, improving transparency, and protecting against market abuse. The weaknesses exposed by the crisis included the build-up of large counterparty exposures between market participants that were not appropriately risk-managed; contagion risk arising from the interconnectedness of market participants; and the limited transparency of overall counterparty credit risk exposures that precipitated a loss of confidence and market liquidity in time of stress.

Reforms agreed in 2009 brought about decisive changes for trading and clearing. The reforms required OTC derivatives contracts be reported to trade repositories; all standardised OTC derivatives contracts should trade on exchanges or electronic trading platforms, where

⁹⁴ FSB (2024), *Liquidity preparedness for margin and collateral calls*, December.

⁹⁵ It is for the relevant SSBs to review and as appropriate, further specify requirements for their sector based on the FSB recommendations.

⁹⁶ BCBS-CPMI-IOSCO (2025), *Transparency and responsiveness of initial margin in centrally cleared markets: review and policy proposals*, January; and CPMI-IOSCO (2025), *Streamlining variation margin in centrally cleared markets – examples of effective practices*, January.

appropriate, and cleared through CCPs by end-2012 at the latest; and that non-centrally cleared (bilateral) contracts should be subject to higher capital requirements. In 2011, G20 Leaders also agreed minimum standards on margin requirements for non-centrally cleared derivatives.⁹⁷

Implementing these reforms required significant changes to FSB member jurisdictions' regulatory regimes. In many cases new legislative frameworks have been designed and implemented, followed by detailed rules and regulations to give effect to reforms. Supporting these national efforts, international SSBs have reviewed or developed standards to be applied in relation to FMIs and market participants.

OTC derivatives reforms underwent several implementation monitoring initiatives. At the request of the G20, the FSB has prepared several progress reports since 2011 on implementation of these reforms, and for many years the reports were published biannually. The reports review progress by FSB jurisdictions in implementing the reforms and (as needed) SSBs' work relevant to the implementation of those reforms. In addition, several FSB country⁹⁸ and thematic⁹⁹ peer reviews have focused on this topic. The FSB also carried out work on the removal of legal barriers to trade reporting as a follow-up to a 2015 peer review on this topic.¹⁰⁰

Other relevant initiatives in this area by SSBs have included the CPMI-IOSCO monitoring of implementation of the *Principles for financial market infrastructures* (PFMI);¹⁰¹ the monitoring, through the BCBS RCAP and the BCBS-IOSCO Working Group on Margin Requirements, of the implementation of margin and capital requirements for non-centrally cleared derivatives and of capital requirements for bank exposures to central counterparties; and various international workstreams related to trade reporting implementation issues.

Overall implementation across FSB member jurisdictions is well advanced, but there continues to be only incremental annual progress in the remaining gaps in implementation.¹⁰² Jurisdictions with the vast majority of global OTC derivatives activity have implemented comprehensive trade reporting requirements, central clearing and platform trading frameworks, and capital and margin requirements for non-centrally cleared derivatives. Jurisdictions yet to implement these reforms account for a low proportion of global OTC derivatives market activity. There has been no increase over the past five years in the number of FSB member jurisdictions with comprehensive trade reporting requirements, and only one increase over the same period for central clearing frameworks or platform trading frameworks. Furthermore, legal barriers are preventing better sharing of trade reporting data between authorities, notably between jurisdictions.

⁹⁷ *G20 Leaders' Statement: The Pittsburgh Summit* (September 2009) and *G20 Leaders' Cannes Summit Final Declaration* (November 2011).

⁹⁸ Indonesia (2021), Mexico (2020), Hong Kong (2018), Brazil (2017), the UK (2013), US (2013) and South Africa (2013).

⁹⁹ FSB (2015), *Thematic Review of OTC Derivatives Trade Reporting*, November, and FSB (2019), *Thematic Review on Implementation of the Legal Entity Identifier*, May.

¹⁰⁰ FSB (2018), *Trade reporting legal barriers: Follow-up of 2015 peer review recommendations*, November.

¹⁰¹ See [here](#).

¹⁰² FSB (2022), *OTC Derivatives Market Reforms: Implementation progress in 2022*, November.

3.7. Crypto-asset markets and activities

The FSB, in consultation with SSBs and international organisations, published in July 2023 the FSB's Global Regulatory Framework for Crypto-Asset Activities. This framework, endorsed by G20 Leaders in 2023, consists of high-level recommendations for the regulation, supervision and oversight of crypto-asset markets and activities (CA recommendations) and revised high-level recommendations for the regulation, supervision and oversight of global stablecoins (GSC recommendations).¹⁰³

The FSB and IMF published in October 2024 a status report on progress made in taking forward the IMF-FSB crypto-asset policy implementation roadmap, including the implementation of the FSB recommendations after the FSB conducted a survey in January 2024 on implementation status as well as implementation challenges.¹⁰⁴ According to the survey results, nearly all FSB members reported to either have plans in place to develop new or revised frameworks for crypto-assets and stablecoins, or already have those frameworks in place (93% and 88%, respectively). A majority of FSB members expected to reach alignment with the FSB Framework by 2025 for crypto-assets and stablecoins (62% and 60%, respectively). All FSB members reported having existing laws and regulations applicable to at least part of crypto-asset activities, although applicability to stablecoins was generally lower (61%). However, most of these existing legal and regulatory requirements and tools are applicable in the context of AML/CFT and fraud rather than the financial stability requirements of the FSB Framework. Cross-border coordination and cooperation was identified by most FSB members as a very important implementation challenge.

More recently, the FSB and IOSCO have conducted peer reviews on the implementation of the FSB crypto framework and the IOSCO Crypto and Digital Asset Recommendations¹⁰⁵ respectively. The (forthcoming) FSB review shows that while jurisdictions have made notable advancements toward implementing the CA recommendations, few have finalised their regulatory frameworks for GSCs. Moreover, even where regulatory frameworks are finalised, full alignment with the recent FSB recommendations remains limited. Furthermore, cross-border cooperation and coordination is fragmented, inconsistent, and insufficient to address the global nature of crypto-asset markets. Experience of attempting to use existing collaboration methods has been uneven across the globe because some regulators have had no clear responsibilities with regard to crypto. Jurisdictions may continue to update, modify or refine their frameworks as the crypto asset ecosystem continues to change.

The (forthcoming) IOSCO review focuses on market integrity and investor protection, assessing the implementation in areas such as governance, conflicts of interest, fraud and market abuse, cross-border cooperation, custody, retail client protections, and disclosures. The review highlights progress in the effort to regulate crypto-asset markets and also identifies challenges that require further attention such as uneven implementation, the risk of regulatory arbitrage, and enforcement gaps. It also notes that jurisdictions are in the process of making further reforms and recognised the need for information sharing across the entire regulatory lifecycle, including during authorisation, supervision, and enforcement stages.

¹⁰³ FSB (2023), *FSB Global Regulatory Framework for Crypto-asset Activities*, July.

¹⁰⁴ IMF, FSB (2024), *G20 Crypto-asset Policy Implementation Roadmap: Status Report*, October.

¹⁰⁵ IOSCO (2023), *Policy Recommendations for Crypto and Digital Asset Markets: Final Report*, November.

3.8. Other reforms

There are several other G20 financial system reforms for which implementation has been monitored by the FSB and SSBs.¹⁰⁶ These are listed here with implementation status as of the last time of monitoring (often 2022). For further explanation please see Annex 2.

Table 1: Other G20 financial system reforms

Reform	Implementation Status
Adoption of the Legal Entity Identifier	Widespread adoption in OTC derivatives and securities markets, broader adoption not achieved yet.
Establishing regulatory framework for macroprudential oversight	All members reported as complete (2022).
Enhancing system-wide monitoring and the use of macroprudential instruments	All but four members reported as complete (2022).
Reducing the reliance on Credit Rating Agencies	All but two members reported as complete (2022).
Regulation and supervision of commodity markets	All but two members reported as complete (2022). Two members report the recommendation not applicable given their market size.
Reform of financial benchmarks	Fully implemented (2023).
Enhanced disclosures by financial institutions	All but two members reported as complete (2022).
Enhancing consumer financial protection	All but two members reported implementation of 2011 principles as complete (2022).
Consistent, consolidated supervision and regulation of SIFIs	All but one member reported as complete (2022).
Establishing supervisory colleges and conducting risk assessments	All members that host SIFIs reported as complete (2017).
Supervisory exchange of information and coordination	All but three members reported complete (2022).
Strengthening resources and effective supervision	All but two members report complete (2022).

4. Conclusions and next steps

The lessons of the GFC and subsequent stress events, such as the COVID-19 pandemic and the banking turmoil of 2023, underscore the critical importance of robust global financial governance and international cooperation. The FSB has been playing a pivotal role in this regard, working alongside SSBs to monitor vulnerabilities, develop comprehensive recommendations, and strengthen the resilience of the global financial system. The effectiveness of these efforts ultimately depends on the timely and consistent implementation of agreed reforms. These reforms reflect jurisdictions' commitment to a regulatory baseline and provide them with the flexibility to tailor implementation to their jurisdictional circumstances while ensuring a level playing field and avoiding harmful market fragmentation.

¹⁰⁶ Some of these were monitored via a survey conducted by the former FSB Implementation Monitoring Network (IMN). See [Monitoring of Other Areas - Financial Stability Board](#).

While regulatory divergence can enhance domestic resilience, divergence that involves significant inconsistencies in the timing and manner of implementation of global financial reforms can pose risks to market efficiency, financial stability, and the integrity of the global regulatory framework. Where jurisdictions do not at least implement to the minimum standards recommended, this creates an importantly unlevel field. Such divergence may limit cross-border activities, increase costs, and create opportunities for regulatory arbitrage, undermining the collective progress toward a stable and efficient global financial system.

The implementation of Basel III remains a critical yet incomplete pillar of global financial stability. While significant progress has been made in adopting the reforms introduced in response to the GFC, delays and inconsistencies in implementation across jurisdictions pose material risks to the global financial system. These delays, particularly in the adoption of the 2017 revisions, highlight the challenges of addressing complex regulatory reforms in a dynamic and interconnected financial sector. The protracted timeline considered in its entirety risks undermining the system's ability to withstand future shocks. We have formed our judgement of the overall urgency of strong implementation of FSB recommendations in recognition that a robust and speedy global process to develop regulation to respond to innovation, evident vulnerabilities and the lessons of bank failures, is essential to global financial stability.

In relation to the SIFI Framework significant progress has been made, particularly in identifying G-SIBs and implementing reforms such as additional loss-absorbing capacity, enhanced supervision, and strengthened resolution frameworks (guided by the Key Attributes). However, implementation across other sectors remains incomplete, with gaps in resolution frameworks and cross-border cooperation.

Focusing on the Key Attributes, implementation remains incomplete across jurisdictions and sectors, with notable gaps in areas such as resolution funding frameworks, legal powers to address impediments to resolvability, and the operationalisation of bail-in mechanisms. The Key Attributes provide a credible foundation for resolution regimes and lessons learned from crisis situations should be addressed in line with the Key Attributes.¹⁰⁷ The pace of implementation must accelerate, particularly for insurers and CCPs, to ensure the framework's full potential is realised. A proactive approach, supported by robust monitoring and guidance from the FSB, is essential to mitigating TBTF risks and safeguarding global financial stability.

Linkages between the NBFIs and the banking sector continue to develop and change amid the dynamic evolution of the NBFIs sector. In that context, robust implementation is particularly important, and only partial implementation of key reforms is observed. This is particularly evident for policies to dampen financial stability risks and pro-cyclical incentives associated with SFTs (and closing data gaps in SFTs), and more recent policy proposals to enhance MMF resilience and recommendations to address structural vulnerabilities from liquidity and leverage in asset management activities. This lack of consistent implementation undermines the resilience of the financial system, leaving it vulnerable to future shocks.

¹⁰⁷ See FSB (2023), *2023 Bank Failures: Preliminary lessons learnt for resolution*, October.

Implementation of the G20 recommendations to strengthen OTC derivatives markets is largely complete, with implementation remaining in certain jurisdictions that account for a low share of global OTC derivatives transaction volume.

Overall, while significant progress has been achieved in advancing the G20 financial reforms, recent trends indicate a worrisome slowdown in implementation, which could weaken the financial system's capacity to withstand future shocks. The natural constant evolution of the financial sector leads to continual change in the nature of the vulnerabilities that we face.

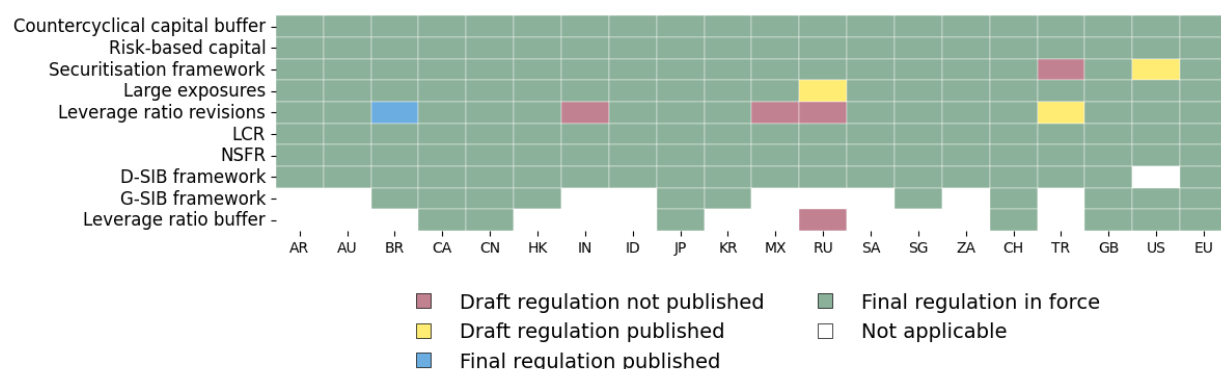
If these trends persist, there is a growing risk of divergence between the expected level of implementation and what has actually been delivered. Given the dynamic nature of the financial sector, new areas of focus such as crypto-assets are likely to continue emerging. It is critical to avoid shifting attention to new priorities at the expense of fully implementing existing recommendations.

The resilience of the global financial system and its ability to safeguard economic stability makes it imperative that the G20 financial regulatory reforms are implemented fully, consistently, and in a timely manner consistent with the FSB's governing principles. To help address this challenge, we will provide specific recommendations for improving the FSB's monitoring and implementation processes in our final report.

Annex 1: Basel III dashboard extracts

Overview of adoption of Basel III standards as of 30 September 2025

Graph 6

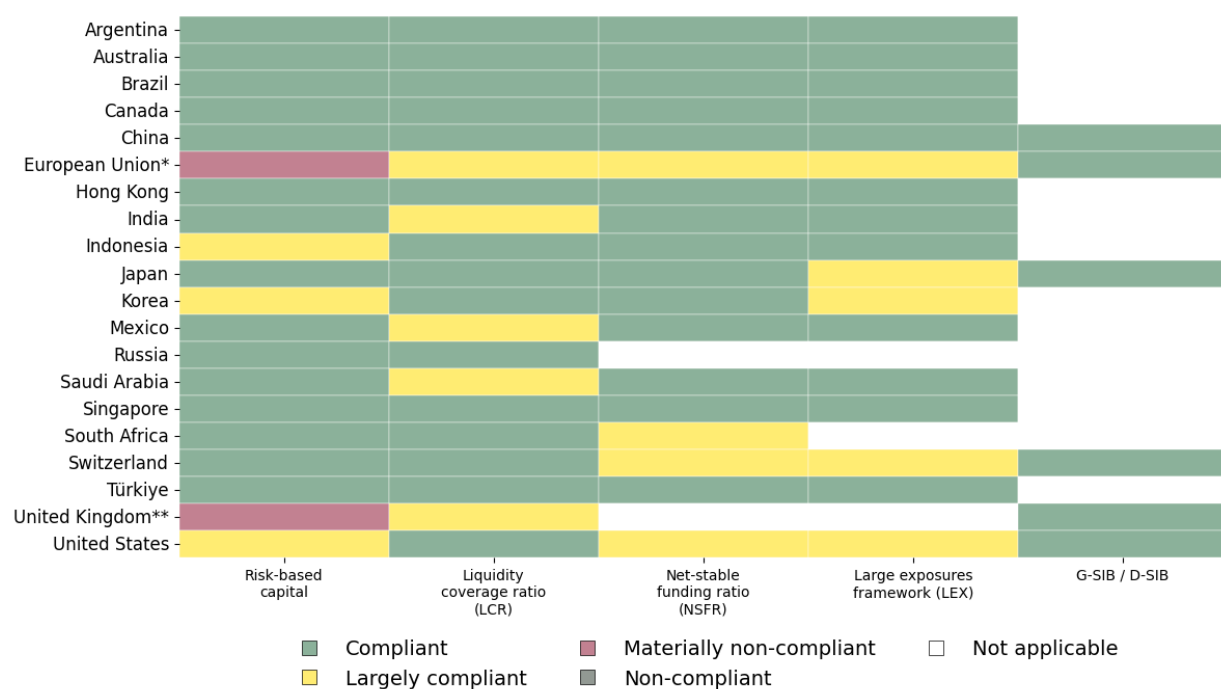


Source: BIS

Summary of member assessments

Standard and grade

Graph 7



* Eight EU Member States participate in the Basel Committee: Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain and Sweden.

** Till end-2020, the United Kingdom has been assessed as EU Member State.

Source: BIS

Annex 2: Other G20 financial system reforms¹⁰⁸

Adoption of the Legal Entity Identifier

The GFC showed the difficulty of identifying counterparties to financial transactions across borders with accuracy and speed. To address this problem, in 2011 the G20 supported the creation of an LEI¹⁰⁹ and called on the FSB to take the lead in helping coordinate work among the regulatory community to prepare recommendations for the appropriate governance framework for the global LEI system.

The FSB conducted a peer review in 2019 on LEI implementation, and in 2022 developed recommendations and options for promoting the use of the LEI in cross-border payments. The FSB in 2024 reviewed progress in implementing its 2022 recommendations to promote the use of the LEI in cross-border payment transactions and those of the 2019 LEI peer review.¹¹⁰

Implementation of the LEI across jurisdictions is ongoing. As of July 2025, the number of active LEIs has reached 2.8 million.¹¹¹ Widespread adoption has been reached in OTC derivatives and securities markets, and the LEI's benefits have been recognised for a broad range of use cases in the financial sector. However, broader adoption remains a challenge. The main obstacles to wider LEI adoption include the lack of perceived incentives for voluntary adoption by market participants and end users, and costs (particularly for low-income jurisdictions). Furthermore, some jurisdictions have made little progress towards implementing the actions set out in the 2019 or 2022 reports. The impact of this is that it reduces the effectiveness of vulnerabilities monitoring at jurisdictional level and reduces the potential for additional cross-border monitoring initiatives.

Building and implementing macro-prudential frameworks and tools

Establishing regulatory framework for macroprudential oversight

G20 Leaders in 2009 agreed to “amend our regulatory systems to ensure authorities are able to identify and take account of macroprudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build-up of systemic risk”; and “ensure that our national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for their failure or severe stress to contribute to systemic risk”, to be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions.

¹⁰⁸ The implementation status of these recommendations is as reflected in the last published FSB monitoring, which was 2022 unless otherwise indicated. As such, any implementation progress following the indicated ‘as of’ year is not reflected.

¹⁰⁹ The LEI is a 20-digit alphanumeric code based on the ISO 17442 standard that uniquely identifies legally distinct entities. It was developed to uniquely identify counterparties to financial transactions across borders, and thereby to improve and standardise financial data for a variety of purposes.

¹¹⁰ FSB (2024), *Implementation of the Legal Entity Identifier: Progress report*, October and FSB (2019), *Thematic Review on Implementation of the Legal Entity Identifier*, May.

¹¹¹ See the [Global LEI Foundation dashboard](#).

Following the GFC, far-reaching changes have taken place in the institutional arrangements for macroprudential policy in many FSB jurisdictions. However, as indicated by the findings of IMF-World Bank FSAPs and FSB country peer reviews before 2018, significant additional work may be needed to ensure that macroprudential frameworks are effective.¹¹²

By 2022 all FSB jurisdictions reported implementation of these agreements to be completed. This is a self-reported outcome, and we have not taken additional steps to look further into this.

Enhancing system-wide monitoring and the use of macroprudential instruments

The recommendation has three elements: first, the use of quantitative indicators and/or constraints on leverage and margins as macroprudential tools for supervisory purposes;¹¹³ second, developing macroprudential policy frameworks and tools to limit the build-up of risks in the financial sector; and third, that authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.

All but four FSB jurisdictions (China, Russia, Saudi Arabia and South Africa) reported this recommendation as being completed by 2022, unchanged since 2017.¹¹⁴

Reducing the reliance on Credit Rating Agencies

In 2010 the FSB published *Principles for Reducing Reliance on CRA Ratings*,¹¹⁵ calling on standard setters, market participants, supervisors and central banks not to rely mechanistically on external credit ratings. An acceleration of progress was encouraged in the 2012 FSB *Roadmap for Reducing Reliance on CRA Ratings*.¹¹⁶ The FSB undertook a thematic review to assist national authorities in fulfilling their commitments. The first stage of the review, published in August 2013, comprised a structured stock-taking of references to CRA ratings in national laws and regulations; the second stage, published in May 2014, focused on the action plans developed by national authorities to implement the Roadmap.¹¹⁷

As of 2022, 22 FSB jurisdictions reported that implementation was complete, with implementation ongoing in two FSB jurisdictions (Brazil, Türkiye).¹¹⁸

Regulation and supervision of commodity markets

To ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and appropriate regulation and supervision of participants in these markets IOSCO developed principles for the regulation and supervision of these markets in 2011.

¹¹² IMF-FSB-BIS (2016), *Elements of Effective Macroprudential Policies: Lessons from International Experience*, August.

¹¹³ Rec. 3.1 of FSF (2009), *Report of the Financial Stability Forum on Addressing Procyclicality in the Financial System*, April.

¹¹⁴ The status of Russia is based on the information in 2021.

¹¹⁵ FSB (2010), *Principles for Reducing Reliance on CRA Ratings*, October.

¹¹⁶ FSB (2012), *Roadmap and workshop for reducing reliance on CRA ratings*, November.

¹¹⁷ FSB (2014), *Thematic Review of the FSB Principles for Reducing Reliance on CRA Ratings – Final Report*, May.

¹¹⁸ In reporting on implementation of this recommendation, jurisdictions were asked to indicate the steps they are taking to address the recommendations of the peer review, including by implementing their agreed action plans.

When implementation progress in this area was last published by the FSB (2022), all but four FSB jurisdictions reported that implementation of the recommendation was complete. Two jurisdictions (South Africa and Türkiye) reported implementation to be ongoing, and two others (Mexico, Saudi Arabia) reported that the recommendation was not applicable given the size of their commodity derivatives markets.

In addition to annual progress reporting to the G20 by the FSB and IOSCO, IOSCO undertook three implementation reviews of the 2011 Principles.¹¹⁹ These reviews reflected an increasing level of implementation of the Principles by IOSCO member jurisdictions. Following high volatility in 2022 in the commodities and commodity derivatives markets, IOSCO published an updated version of the Principles in 2023.¹²⁰ IOSCO published in 2024 a targeted implementation review of five Principles that aim to address excessive commodity market volatility, OTC derivatives transparency and orderly function of the commodity markets.¹²¹ The review found that the majority of respondents were broadly compliant with the five selected Principles.¹²²

However, both regulators and exchanges identified significant challenges in implementing certain elements of the selected Principles within OTC markets. IOSCO recommended that its members should (i) promote international consistency and cooperation in regulating commodity derivatives markets; (ii) ensure that both exchanges and regulators can respectively access and consolidate relevant on-exchange and OTC data in order to identify large positions; (iii) balance risk management and price discovery when applying market control measures; and (iv) enhance the mechanisms in place for open communication (both between exchanges and regulators, and among regulators) during times of crises. There are some indications (e.g. the response of markets to the Ukraine invasion) that commodity markets could be a significant transmission mechanism for financial market volatility to impact the real economy.¹²³ The fact that these recommendations are not fully implemented is a matter of continuing concern.

Reform of financial benchmarks

Ensuring the integrity and reliability of major financial market benchmarks, particularly interest rate and foreign exchange (FX) benchmarks, is important for financial stability.

In response to cases of suspected attempted manipulation and declining liquidity in key interbank unsecured funding markets, the FSB established in 2013 an Official Sector Steering Group (OSSG), comprised of senior officials from central banks and regulatory authorities to coordinate work on the necessary reforms of financial benchmarks. In the same year, IOSCO published the 2013 Principles of Financial Benchmarks.¹²⁴ The FSB published recommendations in 2014 to strengthen confidence in the reliability and robustness of interest rate benchmarks and identify

¹¹⁹ These were published in 2012, 2014 and 2018. See IOSCO (2018), *Update to Survey on the Principles for the Regulation and Supervision of Commodity Derivatives Markets*, November.

¹²⁰ IOSCO (2023), *Principles for the Regulation and Supervision of Commodity Derivatives Markets*, January.

¹²¹ These were principles 9 (OTC transparency), 12 (authority to obtain information), 14 (large positions), 15 (intervention powers in the market) and 16 (unexpected disruptions in the market).

¹²² Respondents included 14 regulators and 19 exchanges; results were not presented by jurisdiction.

¹²³ See FSB (2023) *The Financial Stability Aspects of Commodities Markets*, February and IOSCO (2024) *Targeted Implementation Review on Principles for the Regulation and Supervision of Commodity Derivatives Markets*, November.

¹²⁴ IOSCO (2013), *Principles for Financial Benchmarks*, July.

alternative near risk-free rates¹²⁵ and, through the OSSG, subsequently coordinated international action to encourage and support the transition away from LIBOR to new, more robust, benchmarks. This included the publication of several progress reports on interest rate benchmark reform. The end of June 2023 marked the final major milestone in the LIBOR transition with the end of the remaining USD LIBOR panel.¹²⁶

As for FX benchmarks, the FSB established a working group to undertake analysis of the FX market structure and incentives that may promote particular types of trading activity around the benchmark fixings. The group published recommendations in September 2014 to address these adverse incentives and improve the construction of benchmarks.¹²⁷ The Global Foreign Exchange Committee was established in May 2017 as a forum bringing together central banks and private sector participants with the aim to promote a robust, fair, liquid, open, and appropriately transparent FX market.¹²⁸ The BIS Markets Committee has also done important work in this area.¹²⁹

While this set of recommendations might be deemed fully implemented a review conducted by IOSCO found certain credit-sensitive alternatives to USD LIBOR did not meet the IOSCO Principles for Effective Benchmarks and this continued awareness of the use of reference rates is warranted.¹³⁰

Enhanced risk disclosures by financial institutions

The G20 in 2009 called upon financial institutions to provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. In 2013 it also encouraged further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the work of the Enhanced Disclosure Task Force (EDTF).

As of 2022, all but two FSB jurisdictions reported implementation of the above to be completed, with the remaining jurisdictions (Brazil, China) reporting ongoing implementation efforts. In their responses, most jurisdictions focused on implementation efforts with respect to Basel III Pillar 3 requirements and the accounting requirements under International Financial Reporting Standards (IFRS) 7 (including amendments in response to the publication of IFRS 9). Reporting was limited with respect to the application of the EDTF recommendations.

Enhancing consumer financial protection

In 2011 the G20 called for the integration of financial consumer protection policies into regulatory and supervisory frameworks as a means to strengthen financial stability, and for the full

¹²⁵ FSB (2014), *Reforming Major Interest Rate Benchmarks*, July.

¹²⁶ FSB (2023), *Final Reflections on the LIBOR Transition*, July.

¹²⁷ FSB (2014), *Final Report on Foreign Exchange Benchmarks*, September.

¹²⁸ See <https://www.globalfxc.org/>.

¹²⁹ See <https://www.bis.org/about/factmktc.htm?m=140>.

¹³⁰ IOSCO (2023) *Statement on Alternatives to USD Libor*, July.

application of the 2011 high level principles on financial consumer protection prepared by the OECD together with the FSB (High-Level Principles).

As of 2022, 22 FSB jurisdictions reported that their existing framework for financial consumer protection is aligned with the High-Level Principles. In the remaining two jurisdictions (China and South Africa), work was ongoing to strengthen financial consumer protection or improve its institutional framework.

The OECD updated, and G20 Leaders endorsed, in 2022 an updated set of High-Level Principles. The revisions incorporate policy developments over the previous 10 years, including digitalisation, sustainable finance, financial well-being and high-level lessons learned from the response to the COVID-19 pandemic.¹³¹

Supervision

There are four sets of G20 recommendations the FSB has monitored on this topic, as set out below. Almost all FSB jurisdictions reported that implementation of these was complete as of 2022, the last year where implementation was monitored by the FSB.

Consistent, consolidated supervision and regulation of SIFIs

In 2009 G20 Leaders declared that all firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. This recommendation foresees the identification of domestic systemically important financial institutions; their public disclosure; and specification of the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

As of 2022, all FSB jurisdictions except one (China) reported that implementation had been completed.

Establishing supervisory colleges and conducting risk assessments

The G20 called upon jurisdictions to conduct rigorous risk assessment on G-SIFIs through international supervisory colleges (Seoul Summit).

All FSB jurisdictions that are host to SIFIs reported in the 2017 IMN survey that they had implemented this recommendation.¹³² Accordingly, FSB monitoring of (and reporting on) implementation of this recommendation did not continue past 2017.

Supervisory exchange of information and coordination

The recommendation has two elements: first, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both

¹³¹ OECD (2022), *G20/OECD High-Level Principles on Financial Consumer Protection 2022*, December.

¹³² FSB (2017), *Implementation of G20/FSB financial reforms in other areas: Summary of key findings based on the 2017 FSB Implementation Monitoring Network survey*, November.

national and international levels to quicken supervisory responsiveness to developments that have a common effect across a number of institutions;¹³³ and second, that the effectiveness of core supervisory colleges should be enhanced.¹³⁴

As of 2022, all FSB jurisdictions except three (China, Russia, Saudi Arabia) reported that the implementation of reforms in this area is complete.¹³⁵ Most jurisdictions have highlighted various formal (e.g. supervisory colleges, engagement through international bodies) and informal channels through which supervisory exchange of information and coordination is facilitated. While this also appears to be an area of broadly successful implementation, there continues to be a perception of challenges with the operation of supervisory colleges, which is a theme consistent with the difficulty of, for example, sharing information between jurisdictions and ensuring adequate inclusion of impacted jurisdictions in resolution processes.¹³⁶

Strengthening resources and effective supervision

The recommendation has two elements: (i) supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention (Seoul Summit); and (ii) supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks,¹³⁷ and that they continually re-assess their resource needs.¹³⁸

As of 2022, 22 FSB jurisdictions reported this recommendation as completed, while the remaining ones (China, Russia) reported ongoing implementation.¹³⁹ This self-reported outcome is welcome, however it is challenging to form a reliable global view on the quality of supervision and the 2023 banking turmoil suggest there are continuing challenges with the quality of supervision.

¹³³ Recommendation V.7 of FSF (2008), *Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience*, April.

¹³⁴ FSB (2012), *Increasing the Intensity and Effectiveness of SIFI Supervision*, November.

¹³⁵ The status of Russia is based on the information in 2021.

¹³⁶ See for example BCBS (2017) *Progress report on the implementation of principles for effective supervisory colleges*, December.

¹³⁷ FSF (2008), *Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience*, April.

¹³⁸ Recommendation 3 of FSB (2012), *Increasing the Intensity and Effectiveness of SIFI Supervision*, November.

¹³⁹ The status of Russia is based on the information in 2021.