FSB FINANCIAL STABILITY BOARD

FSB Work Programme for 2022

31 March 2022

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Introduction

The Financial Stability Board's (FSB) work programme for 2022 aims to maximise the value of the FSB's global and cross-sectoral approach to financial stability policy. The FSB's work priorites reflect that financial challenges are global in nature and affect the financial system as a whole. These challenges include digitalisation, climate change and potentially also shifts in the macroeconomic and interest rate environment.

This note summarises the ongoing and planned FSB initiatives in 2022 organised by (1) priority areas of work and new initiatives; (2) work programme items that are continuing or reaching completion; and (3) regular monitoring and reporting. The Annex provides an indicative timeline of the FSB's publications planned for 2022.

1. Priority areas of work and new initiatives

Supporting international cooperation and coordination on current financial stability issues. The FSB, with its broad and diverse membership of national authorities, international standard setters and international bodies, continues to promote financial stability in a rapidly evolving financial market environment.

Against the backdrop of the Russia-Ukraine conflict and its economic impacts, the FSB is reinforcing its forward-looking monitoring to identify, assess and address new and emerging risks to global financial stability. This enhanced monitoring is informed by the FSB's new surveillance framework.

Work will also continue on policy responses to COVID-19, including: sharing information on policy responses and the timely unwinding of the temporary measures adopted in response to COVID-19, and assessing the effectiveness of those measures; and monitoring, with the standard-setting bodies (SSBs), the use of flexibility within international standards and consistency of policy responses with existing international financial standards.

- Work on the financial stability implications of current developments will continue in a flexible mode – including on specific vulnerabilities, policy issues and monitoring – and be adjusted as needed.

- FSB will work with SSBs to follow up on specific issues identified in the report on lessons learnt from COVID-19 for financial stability, including macroprudential aspects of buffer functioning.[1]

- At the request of the Indonesian G20 Presidency, the FSB will report to the G20 on exit strategies to support equitable recovery for financial stability, and on effective practices and policy recommendations for addressing the effects of COVID-19 scarring in the financial sector.

[1] FSB (2021), *Lessons Learnt from the COVID-19 Pandemic from a Financial Stability Perspective – Final Report*, October.

Enhancing the resilience of the non-bank financial intermediation (NBFI) sector, while preserving its benefits. The FSB will advance its work programme for strengthening the resilience of NBFI. This work, set out in the FSB's holistic review of the March 2020 market turmoil,[2] will be carried out within the FSB as well as by SSBs and international organisations.

- In 2022, remaining work on specific issues identified in the holistic review will be completed, including on open-ended funds (OEFs); margining practices; the liquidity, structure and resilience of core bond markets; and USD funding and emerging market economy (EME) vulnerabilities.

- In addition, work will focus on developing a systemic approach to NBFI. This includes enhancing the understanding of systemic risks in NBFI and strengthening their ongoing monitoring; and developing policies to address such risks.

Enhancing cross-border payments. The FSB roadmap for enhancing cross-border payments[3] contains a large number of actions, guided by a set of quantitative targets.[4] To help achieve these targets, specific proposals for material improvements to existing payments systems and arrangements are being discussed, as well as the development of new systems. The FSB will continue to coordinate with CPMI and other SSBs and international organisations in implementing the FSB roadmap to enhance cross-border payments.

- In 2022, the FSB has committed to complete a number of actions under the roadmap, including the development of an approach to monitor progress against the quantitative targets; identification of gaps or areas for enhanced implementation in standards; and work on enhancing data sharing.

- The FSB will deliver to the G20 a progress report on the overall roadmap and the development of key performance indicators to monitor progress towards the quantitative targets.

Harnessing the benefits of digital innovation while containing its risks. The pandemic has brought into even sharper focus the central role of digital innovation. While digital innovation offers important opportunities for more efficient and inclusive finance, it also creates risks due to important innovation happening outside the traditional financial system. The FSB will continue work on the financial stability and regulatory and supervisory implications of technological innovation, with a particular focus on various forms of crypto-assets, including decentralised finance (DeFi). The FSB will:

- Review its high-level recommendations on the regulation, supervision and oversight of global stablecoins, including how any gaps identified could be addressed by existing frameworks.

- Consider the various regulatory and supervisory approaches that are being taken in relation to unbacked crypto-assets.

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

3 FSB (2020), *Enhancing Cross-border Payments: Stage 3 roadmap*, October.

4 FSB (2021), *Targets for addressing the four challenges of cross-border payments: Final report*, October.

- Build on its updated assessment of potential risks to financial stability from crypto-assets[5] and analyse developments and potential risks to financial stability concerning DeFi.

Addressing financial risks from climate change. The FSB's work in this area is guided by its roadmap for addressing climate-related financial risks.[6] The roadmap seeks to support international coordination to address climate-related financial risks. The goal of the roadmap is to ensure that these risks are properly reflected in all financial decisions, disclosures, data, vulnerability analysis, and regulatory and supervisory approaches.

The FSB will continue to coordinate international work through the FSB Roadmap to address financial risks from climate change, which G20 Finance Ministers and Governors endorsed in July 2021. The FSB will report on progress in implementing the FSB Roadmap to the G20 in July. The FSB's own initiatives under the Roadmap in 2022 will focus on:

- Building and strengthening the analytical basis for monitoring climate-related risks to financial stability, including working with the Network for Greening the Financial System (NGFS) to coordinate work to fill data gaps, and working jointly with NGFS on the use of scenario analysis by jurisdictions and the financial metrics needed for this analysis.

- Addressing climate-related financial risks, with a focus on regulatory and supervisory data collection, cross-sectoral system-wide aspects and tools for macroprudential purposes; and reporting on progress in achieving consistent climate-related financial disclosures.

- Taking stock of progress in implementing the FSB Roadmap for addressing climate-related risks and strengthening coordination across different international initiatives and identifying any gaps to be covered by further work.

2. Continuation and completion of ongoing financial stability work

Cyber and operational resilience. A feature of digital innovation is the greater use by financial institutions of outsourcing to third-party service providers. While outsourcing may have provided additional resilience during the pandemic, it has increased interconnections in the financial system and the surface for cyber attacks. Enhancing operational and cyber resilience will therefore remain important items on the FSB agenda. Areas of focus include:

- Development of expectations for financial authorities' oversight of financial institutions' reliance on critical service providers as well as common definitions and terminologies on third-party risk management and outsourcing.

- Work to achieve greater convergence in cyber incident reporting, including addressing impediments to greater convergence, identifying a minimum set of information

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5 FSB (2022), *Assessment of Risks to Financial Stability from Crypto-assets*, February.

6 FSB (2021), *FSB Roadmap for Addressing Climate-Related Financial Risks*, July.

authorities may require related to cyber incidents, identifying common types of information to be shared across sectors and jurisdictions and creating common terminologies related to cyber incident reporting, building on the 2018 Cyber Lexicon.

Enhancing central counterparty (CCP) resilience, recovery and resolvability. The international policy framework for CCPs needs to reflect the evolving role of central clearing in order to address risks to financial stability in an effective manner. The FSB, in coordination with the Committee on Payments and Market Infrastructures (CPMI), and the International Organisation of Securities Commissions (IOSCO), has analysed the current use, composition and amount of CCP financial resources.[7]

- Informed by this analysis, the FSB will, in cooperation with CPMI-IOSCO, continue to review the sufficiency of the existing toolkit for CCP resolution, in particular in non-default loss scenarios. Further work will consider the need for, and costs and benefits of potential alternative financial resources and tools for CCP resolution.

Completing resolution reforms. The COVID-19 pandemic confirmed the importance of crisis management preparedness and recovery and resolution planning. The main focus continues to be on the full implementation of the Key Attributes of Effective Resolution Regimes for financial institutions across sectors. The FSB, through the Resolution Steering Group (ReSG), will continue to promote the conduct of resolution planning and resolvability assessments, the availability and allocation of loss-absorbing resources and the access to funding in resolution. ReSG will take stock of the key challenges to resolution that authorities are facing as a result of digital innovation.

3. Regular monitoring and reporting on financial stability issues

- The FSB will continue to contribute to the biannual Early Warning Exercise conducted jointly with the International Monetary Fund (IMF).
- The FSB will continue to monitor and support smooth remaining transition efforts to the alternative financial benchmarks. A report will be published at the end of 2022.
- The FSB and SSBs will continue to monitor implementation of G20 reforms through regular progress reports, assessments and peer reviews.
- The FSB will continue to encourage consistent application of accounting and auditing standards and enhanced audit quality.
- The FSB will also publish its annual Global Monitoring Report on NBFI and a comprehensive Annual Report on its work to promote global financial stability.

[7] [reference to CCP resources report, to be published on 9 March.]

Indicative timeline of key FSB publications planned for 2022

Date	Report	Comment
February	Updated assessment of risks to financial stability from crypto-assets	G20 Deliverable
March	Report on financial resources for CCP resolution	
April	Report on USD funding and EME vulnerabilities during the March 2020 turmoil	G20 Deliverable
	Identification of regulatory and supervisory approaches to addressing climate-related financial risks – Consultative document	
	Thematic peer review report on corporate debt workouts	
June	Development of key performance indicators to monitor progress towards the quantitative targets – Interim Report	
	Options to improve the adoption of the Legal Entity Identifier (LEI) to enhance cross-border payments	
July	COVID-19 exit strategies to support equitable recovery for financial stability and scarring effects – Interim report	G20 Deliverable
	Annual progress report on climate roadmap	G20 Deliverable
	Report on climate-related vulnerabilities and their monitoring	
	Report on the use of scenario analysis for climate-related risks	
October*	Promoting Global Financial Stability: 2022 FSB Annual Report	G20 Deliverable
	COVID-19 exit strategies to support equitable recovery for financial stability and scarring effects – Final report	G20 Deliverable
	Report with main findings of NBFI initiatives and policy proposals to address systemic risk in NBFI	G20 Deliverable
	Report on achieving greater convergence for reporting cyber incidents to financial authorities – Consultative document	G20 Deliverable
	Annual report on implementation of the cross-border payments roadmap	G20 Deliverable
	Key performance indicators to monitor progress towards the quantitative targets for the cross-border payments roadmap	G20 Deliverable
	Regulatory and supervisory approaches to addressing climate-related financial risks – Final report	G20 Deliverable
	Report, jointly with NGFS, on the outputs of scenario analysis by jurisdictions	G20 Deliverable
	Report on progress in achieving consistent climate-related financial disclosures	G20 Deliverable
	Progress report on the regulation, supervision and oversight of global stablecoins	G20 Deliverable
November	Identification of G-SIBs for 2022	
	2022 Resolution Report	
	Progress report on benchmark transition	2022:H2
December	Global Monitoring Report on NBFI	

* Includes reports that will be delivered to the G20 Summit in November.