FSB FINANCIAL STABILITY BOARD

Press release

Press enquiries:
+41 61 280 8138
press@fsb.org

Ref: 39/2020
14 October 2020

FSB updates on work to address market fragmentation

The Financial Stability Board (FSB) today published an update on work by the FSB, in collaboration with the international standard setting-bodies, to address market fragmentation. The report was delivered to G20 Finance Ministers and Central Bank Governors ahead of their meeting today.

In June 2019, the FSB identified four areas for further work to address market fragmentation: This latest progress report provides an update on work in these areas:

- **Deference**. The International Organization of Securities Commissions published a *Report on Good Practices on Processes for Deference* in June 2020 that should help authorities to mitigate the risk of unintended, regulatory-driven, fragmentation in wholesale securities and derivatives markets.

- **Pre-positioning of capital and liquidity**. FSB members are continuing work related to the distribution of resources within global systemically important banks (G-SIBs) having regard to the need to achieve a balance between certainty for host jurisdictions and flexibility to deploy resources where needed within a group in times of stress. The FSB is also working on identifying ways to further promote effective cooperation and coordination in crisis times.

- **Regulatory and supervisory coordination and information sharing**. Regulatory and supervisory coordination and information sharing have focused on policy measures taken in response to COVID-19. The FSB has established a repository of regulatory and supervisory policy measures taken in its member jurisdictions in response to the COVID-19 pandemic. The FSB is also exploring potential ways to facilitate convergence in reporting of data to authorities.

- **"Too-big-to-fail" (TBTF) evaluation**. The FSB has publicly consulted on its evaluation on the effects of TBTF reforms for systemically important banks. The evaluation finds no evidence that the implementation of reforms has reduced cross-border lending.

Looking beyond these specific areas, the policy response to COVID-19 has underlined policymakers' awareness of harmful effects of market fragmentation. The official sector community has provided a rapid and coordinated response to support the real economy, maintain financial stability and minimise the risk of market fragmentation.

Notes to editors

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman, US Federal Reserve; its Vice Chair is Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

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