

Press release

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FSB publishes guidance on bail-in execution and resolution funding to promote G-SIB resolvability

The Financial Stability Board (FSB) today published two guidance documents to assist authorities in implementing its [Key Attributes of Effective Resolution Regimes](#) for global systemically important banks (G-SIBs). The guidance documents were issued for public consultation in November 2017 and have been revised in light of the comments received during the consultation. The guidance will support the application of the overall policy framework to end “too-big-to-fail”.

Together with the final guidance the FSB published feedback notes setting out how responses to the November public consultations have been incorporated into the final guidance.

[Principles on Bail-in Execution](#)

Bail-in within resolution is at the core of resolution strategies of G-SIBs. It helps achieve a creditor-financed recapitalisation by way of a write-down and conversion of liabilities into equity that minimises impacts on financial stability, ensures the continuity of critical functions, and avoids exposing taxpayers to loss.

The guidance sets out principles to assist authorities as they make bail-in resolution strategies operational. The principles cover:

- disclosures on the instruments and liabilities within the scope of bail-in;
- valuations to inform and support the application of bail-in;
- processes to suspend or cancel the listing of securities, to notify creditors, and to deliver new securities or tradeable certificates following entry into resolution;
- securities law and securities exchange requirements during the bail-in;
- processes for transferring governance and control rights to a new board and management for the firm emerging from resolution; and
- communications to creditors and the market at large.

[Funding Strategy Elements of an Implementable Resolution Plan](#)

This second guidance document covers the development of a resolution funding plan for G-SIBs. It builds on the FSB’s August 2016 [Guiding Principles on the temporary funding needed to support the orderly resolution of a global systemically important bank \(G-SIB\)](#) and existing supervisory and resolution guidance on liquidity risk management and resolution planning. The guidance covers:

- firms' capabilities to support monitoring, reporting and estimating funding needs in resolution and executing the funding strategy;
- the development of resolution funding plans by authorities;
- the reliance on firm assets and private funding as preferred sources of funding in resolution;
- access to temporary public sector backstop funding mechanisms and ordinary central bank facilities; and
- information sharing and coordination between authorities.

Notes to editors

The FSB is also currently seeking public feedback for a [thematic peer review of bank resolution planning](#) (with a deadline for responses of 4 July) and for a review of the [technical implementation of its Total Loss-Absorbing Capacity \(TLAC\) standard](#) (with a deadline for responses of 20 August). Requests for feedback for both these exercises were published earlier this month and are available on the FSB website.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard-setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six Regional Consultative Groups.

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