

6 November 2014

Report to the G20 Brisbane Summit on the FSB's review of the structure of its representation

15-16 November 2014

At the G20 St Petersburg Summit (September 2013), the Heads of State and Government of the Group of Twenty asked the FSB to report on its review of the structure of its representation to their next Summit¹. The review has since been completed, and this report presents the measures agreed by the FSB.

The measures seek in particular to strengthen the voice of emerging market and developing economies (EMDEs) in the FSB while also preserving the effectiveness of its decision making process.

The FSB seeks Leaders' endorsement of these measures, as follows:

I. Review of representational structure of the FSB

PRINCIPLES UNDERLYING REPRESENTATION IN THE FSB

1. The FSB agreed that the following broad principles should be applied in the review of the representational structure of the FSB:
 - The effectiveness and the representativeness of the FSB's current representational structure should be maintained. Consistent with this objective, the current number of 70 Plenary seats should be regarded as the upper limit (to be applied flexibly);
 - Objective criteria of economic and financial size for determining jurisdictions' FSB membership and Plenary seat allocations should be retained; and
 - Adopting a constituency-based membership in the FSB for enhancing its representativeness would be inconsistent with the nature of the underlying FSB membership, which consists of individual authorities rather than jurisdictions, and, if adopted, would make the FSB discussions more rigid.

¹ Paragraph 64 of the Leaders' Declaration at Petersburg Summit (September 2013) accessible at: https://www.g20.org/sites/default/files/g20_resources/library/Saint_Petersburg_Declaration_ENG_0.pdf;

ENHANCING REPRESENTATION OF EMDEs IN PLENARY MEETINGS

2. The FSB agreed to allocate to the five EMDE jurisdictions that currently have a single seat each in the Plenary - Argentina, Indonesia, Saudi Arabia, South Africa and Turkey - a second Plenary seat each. In order, to keep the size of the Plenary at the current level of 70 seats, the five international organisations that currently have two Plenary seats each - BCBS, IAIS, IOSCO, the IMF and the World Bank - have agreed that their allocation be reduced to one Plenary seat each, with their second attendee being an observer.

STRENGTHENING AND BROADENING ENGAGEMENT IN THE WORK OF THE FSB'S COMMITTEES AND WORKING GROUPS

3. To strengthen and broaden engagement in the work of the FSB and to widen the pool of expertise available, including that of EMDE jurisdictions and securities market regulators, the FSB will make greater use of the existing flexibility in the FSB's Charter to enable non-Member authorities (either from or beyond the Member jurisdictions) to be involved in the work of the FSB's Committees and working groups, either through membership of these bodies or attendance at individual meetings.
4. FSB Member authorities may, therefore, propose that:
 - a representative of a non-Member authority from the Member's jurisdiction replace them on a Standing Committee or working group, either on a permanent basis or for a particular meeting where the responsibilities and expertise of that non-Member authority is of particular relevance; or
 - a non-Member authority (either from or beyond the Member jurisdictions) could be invited to join any Standing Committee or a working group as a member (bearing in mind that the need to preserve the effectiveness of Standing Committees means that the space for such additional members will be very limited, and that all memberships of Committees and working groups are necessarily time-limited and subject to regular review²).
5. In addition, the FSB Chair and the chairs of Standing Committees and working groups should use their discretion to invite representatives of non-Member authorities (either from or beyond the Member jurisdictions) as well as of international organisations on an *ad hoc* basis to attend individual meetings of the Committees or Working Groups, where the agenda for a particular meeting would make their specific expertise useful, subject to the capacity constraints in order to keep meetings effective. The Plenary would be informed of invitees to Committees. In the case of invitees from Member

² Any decisions on changes in membership will be made by the Plenary in the case of Standing Committees, and by the constitutive body in the case of working groups.

jurisdictions, their attendance at a meeting could be either in addition to or in replacement of a regular representative, and subject to the prior consent of the Members from that jurisdiction.

BETTER INTEGRATION OF THE REGIONAL CONSULTATIVE GROUPS (RCGs)

6. To better integrate the discussions at the six RCGs with the work of the FSB and enhance communication with the RCGs, the FSB will extend to the non-FSB member co-chairs of the RCGs a standing invitation to attend Plenary meetings.
7. The FSB will explore opportunities for the involvement in the work of Standing Committees or Working Groups of representatives from non-Member jurisdictions in the RCGs, while recognising that the scope for participation will be limited by the need to keep the size of such bodies at a level that does not impair their effectiveness.

SHARPENING THE FOCUS ON EMDE ISSUES

8. The above measures will help to strengthen the focus of the FSB on issues of importance to EMDEs. The FSB should continue to seek to identify policy and implementation issues of most relevance to EMDEs and ensure that they are addressed as part of the FSB's global work.
9. An Emerging Market Forum will be held in early 2015 to identify and discuss issues of importance to EMDEs that the FSB should address. The Forum will help to inform the FSB on the further work that the FSB should do on EMDE-related issues.

FUTURE REVIEWS OF THE FSB REPRESENTATION

10. The FSB will carry out future reviews of the structure of its representation at five-yearly intervals.

AMENDMENTS TO THE FSB'S CHARTER, ARTICLES OF ASSOCIATION AND PROCEDURES

11. To reflect these changes in representation, the FSB will amend as appropriate its Charter, Articles of Association and Procedural Guidelines.