FSB FINANCIAL STABILITY BOARD

Press release

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Ref no: 70/2013

5 September 2013

Financial Stability Board reports to G20 Leaders on financial regulatory reform progress

The Financial Stability Board (FSB) published today the following documents delivered to G20 Leaders for the St Petersburg Summit:

- a letter from the FSB Chair, Mark Carney, to the G20 Leaders, taking stock of the financial reforms since the global financial crisis and the major outstanding issues which call for the attention of Leaders;
- a narrative progress report, setting out in summary, non-technical language the framework of financial reforms that the FSB is coordinating at the request of G20 Leaders and the remaining steps that need to be taken to complete the reforms;
- a more detailed and comprehensive overview report on progress in the implementation of the financial reforms in order to strengthen financial stability; and
- a "scoreboard" status report prepared by the FSB Secretariat, in consultation with FSB members, that assesses the current state of progress made in global policy development and implementation of financial regulatory reforms.

In his letter to the G20 Leaders, the Chair writes:

"**FSB members have made major progress correcting the fault lines that caused the crisis.** We are building more resilient financial institutions and more robust markets through substantially strengthened international standards. We are addressing the problem of too-big-to-fail. We are working to prevent regulatory arbitrage, so that tightening regulation in one sector or region does not lead to risky activity migrating elsewhere. And we are building a framework for robust market-based finance so that markets will remain continuously open.

Our work is not yet completed. It is crucial that the G20 stay the course in implementing reforms in a consistent manner. More remains to be done to build the resilience of institutions. The G20 should also concentrate in particular on completion of three crucial areas of reform: ending too-big-to-fail; reforming shadow banking; and making derivatives markets safer.

The G20's response will ultimately dictate the openness of the global system and consequently the strength and sustainability of global growth. Only the G20 can decide whether the necessary institutions and co-operative cross-border mechanisms are built in

order to realise fully the benefits of an open, integrated and global financial system. Strong, sustainable and balanced growth will not ultimately be achievable without such a system."

The following additional reports submitted to the G20 Summit by the FSB were published in recent days:

- A report on progress and next steps in ending "too-big-to-fail";
- Policy recommendations to strengthen oversight and regulation of shadow banking;
- A report by the Basel Committee on Banking Supervision on monitoring the implementation of Basel III reforms;
- A report on OTC derivatives reform progress;
- A progress report on reducing reliance on, and strengthening oversight of, credit rating agencies.

Notes to editors

The letter and accompanying reports are available on the FSB's website, www.financialstabilityboard.org.

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. 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.financialstabilityboard.org.