Note: A revised version of the Handbook was published in March 2017 (Link to revised version in PDF format).

FSB FINANCIAL STABILITY BOARD

STANDING COMMITTEE ON STANDARDS IMPLEMENTATION

7 January 2014

Handbook for FSB Peer Reviews

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1. Introduction

This document sets out guidelines for the conduct of FSB peer reviews. The rest of Section 1 sets peer reviews in the broader context of the FSB's implementation monitoring framework, describes the process used to develop the *Handbook* and provides an overview of the two types of peer reviews as well as of the different stages in the review process. Section 2 describes the overall objectives of FSB peer reviews and the principles that underlie the process. Sections 3 to 7 detail the different stages of the reviews, distinguishing where appropriate between the two types of reviews.

1.1. Background

The FSB aims to promote financial stability by developing strong regulatory, supervisory and other financial policies and fostering a level playing field through coherent implementation across sectors and jurisdictions. As part of this effort, FSB member jurisdictions have committed, under Article 6.1 of the FSB Charter, to undergo periodic peer reviews.[1] In the *FSB Framework for Strengthening Adherence to International Standards*, member jurisdictions "committed to undergoing periodic peer reviews focused on the implementation and effectiveness of international financial standards and policies agreed within the FSB."[2] In addition to being a condition of FSB membership, peer reviews are an important institutional mechanism to promote complete and consistent implementation of agreed G20/FSB financial reforms – as recognised in the FSB Coordination Framework for Implementation Monitoring (CFIM)[3] – and are a means of fostering a 'race to the top' by FSB member jurisdictions in terms of adherence to standards.

The *Handbook for FSB Peer Reviews* (*Handbook*) was originally prepared on the basis of a December 2009 report of a sub-group mandated by the FSB Standing Committee on Standards Implementation (SCSI) to develop a framework for FSB peer reviews by drawing on the experience of international organisations and standard setting bodies (SSBs). In 2011, the SCSI conducted a review of experience with FSB peer reviews in order to identify lessons drawn from reviews undertaken and to make recommendations to improve the functioning of the peer review programme; the recommendations have been incorporated in this document. The *Handbook* was further revised in January 2014 in response to SCSI members' suggestions on ways to further enhance the functioning of country peer reviews.

Over time, the design of FSB peer reviews will be further refined – and the *Handbook* will be revised accordingly – to take account of changes in the assessment mechanisms of other international bodies as well as the experience with FSB peer reviews.

1.2. Types of peer reviews

There are two types of FSB peer reviews: thematic reviews and country reviews.

Thematic reviews focus on the implementation and effectiveness across the FSB membership of international financial standards developed by SSBs and policies agreed within the FSB in

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1 See http://www.financialstabilityboard.org/publications/r_120809.pdf.

2 See http://www.financialstabilityboard.org/publications/r_100109a.pdf.

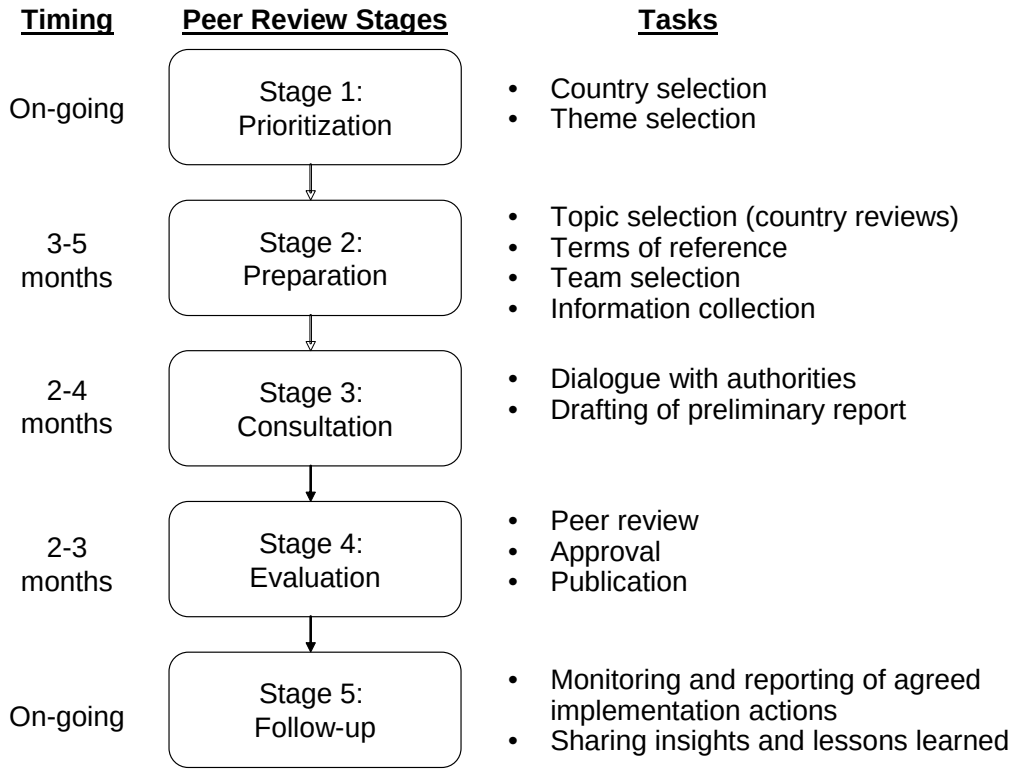
3 See http://www.financialstabilityboard.org/publications/r_111017.pdf.

a particular area important for global financial stability. Thematic reviews may also analyse other areas important for global financial stability where international standards or policies do not yet exist. The objectives of the reviews are to encourage consistent cross-country and cross-sector implementation; to evaluate (where possible) the extent to which standards and policies have had their intended results; and to identify gaps and weaknesses in reviewed areas and to make recommendations for potential follow-up (including via the development of new standards) by FSB members.

Country reviews focus on the implementation and effectiveness of regulatory, supervisory or other financial sector policies in achieving the desired outcomes in a specific FSB member jurisdiction. They examine the steps taken or planned by national authorities to address IMF-World Bank Financial Sector Assessment Program (FSAP) and Reports on the Observance of Standards and Codes (ROSCs) recommendations on financial regulation and supervision as well as on institutional and market infrastructure that are deemed most important and relevant to the FSB's core mandate of promoting financial stability. Country reviews can also focus on regulatory, supervisory or other financial sector policy issues not covered in the FSAP that are timely and topical for the jurisdiction itself and for the broader FSB membership. Unlike the FSAP, a country review does not comprehensively analyse a jurisdiction's financial system structure or policies, nor does it provide an assessment of its conjunctural vulnerabilities or its compliance with international financial standards.

1.3. Overview of the process

FSB peer reviews comprise five distinct and sequential stages, summarised in the diagram below. Thematic reviews follow the same overall process as country reviews, while certain differences in the process between the two types of reviews are described below.



2. Objectives and principles of peer reviews

2.1. Objectives

The objectives of FSB peer reviews are fourfold:

- *Exchange information* on regulatory, supervisory and other financial sector policies, and receive feedback from peers about the effective implementation of these policies;
- *Evaluate the adherence* of FSB member jurisdictions to their commitment, under Article 5.1 of the FSB Charter, to (a) pursue the maintenance of financial stability, (b) maintain the openness and transparency of the financial sector, and (c) implement international financial standards;
- *Foster a race to the top* with regard to the implementation of effective regulatory, supervisory and other financial sector policies; and
- *Assess the effectiveness* of international financial standards, and of policies agreed within the FSB, in realising their intended results. The extent to which this objective can be achieved will depend on the topic and degree of intensity of the peer review as well as on the time period elapsed since the relevant policy or standard has been implemented.

FSB peer reviews focus on areas where the FSB can add value. To this end, FSB peer reviews will build on – and avoid duplicating – existing assessment mechanisms, such as FSAPs, ROSCs and peer reviews or mutual evaluations conducted by international bodies and organisations. The added value of the FSB comes in significant part from the cross-sectoral, cross-functional, system-wide perspective brought by its members. Dialogue with peers and the sharing of lessons and experiences are a key benefit of FSB peer reviews.

In setting the objectives for FSB peer reviews, it is important that a flexible approach is adopted that recognises the need for such objectives to be realistic, credible, tailored to areas where the FSB can add the greatest value, and compatible with available resources. This implies that the specific objective(s) for each peer review will need to be clearly articulated at the outset of the exercise and recorded in the terms of reference of the peer review.

2.2. Principles

FSB peer reviews will be guided by the following principles:

- *Widely accepted standards and policies:* FSB peer reviews will generally be based upon international financial standards developed by SSBs and policies agreed within the FSB, although they may also analyse areas where no internationally agreed standards exist.
- *Complementarity:* FSB peer reviews will complement – and avoid duplicating – other international assessment and peer review/mutual evaluation mechanisms. Peer reviews will not develop new standards but can recommend their development (if needed) to relevant international bodies.
- *Transparency:* FSB peer reviews will follow objective and transparent procedures. The results of the peer review, including any assessments on which it is based, will be published to promote greater transparency by all member jurisdictions.

- *Engagement:* FSB peer reviews will provide for active and timely engagement with jurisdictions under review, especially over issues where a need for improved implementation is identified.
- *Timely follow-up:* FSB peer reviews will include a timely and comprehensive follow-up procedure that provides for ongoing monitoring and reassessments as necessary.
- *Proportionality:* FSB peer reviews will recommend actions that are prioritised to reflect the materiality of the concern in terms of its contribution to financial stability.

3. Prioritisation

The SCSI will be responsible for management of the FSB peer review process, with the support of the FSB Secretariat. The first stage of the process involves the selection of countries and themes that will undergo a peer review.

The SCSI will agree on the prioritisation of countries and themes on a rolling basis, based on the recommendation of the Chair of the SCSI. When deciding priorities, both in terms of the number of country and thematic reviews as well as in the mix between the two types of reviews, the SCSI will consider FSB member and Secretariat resource constraints as well as inputs from other FSB committees and relevant organisations as appropriate. Proposed priorities will be submitted to the Plenary (as part of the SCSI work plan) for endorsement on an annual basis. The schedule may be further revised during the year to ensure that it remains appropriate in light of international market and policy developments.

3.1. Criteria for thematic reviews

Prioritisation criteria for thematic peer reviews include:

(i) areas where international policies and standards have been developed to address weaknesses and vulnerabilities affecting the global financial system, particularly when the relevant standard has been developed by the FSB itself or when the standard is of a cross-sectoral nature where no single SSB is responsible. In order to ensure that the topic is adequately evaluated, thematic reviews may cover only part of the relevant policy or standard; and

(ii) other areas important for global financial stability where international standards or policies do not yet exist.

Prioritisation of themes will take place in coordination with the work programs of international organisations, SSBs as well as other FSB committees and working groups in order to maximise effectiveness and avoid duplication of efforts. The SCSI will also take into account the priority areas highlighted in the CFIM where consistent and comprehensive implementation of reforms, as determined by the G20, is most critical for global financial stability. The implementation of reforms in each priority area will be subject to one or more thematic peer review(s) by the FSB once implementation is sufficiently underway.

As described in the CFIM, in the case of thematic peer reviews, the SSB will take primary responsibility for undertaking the peer review if:

- the topic being reviewed falls solely within the area of responsibility of a single SSB (e.g. a sector-specific standard); and
- the SSB has a robust peer review mechanism in place that is comparable to that of the FSB.

In those cases where the SSB takes primary responsibility for the peer review, the process to be followed may differ from the one described in this *Handbook* and the SSB will consult with the SCSI on the objectives, scope, methodology and timelines of the review. In all other cases, the SCSI will take primary responsibility for conducting the peer review by following the process described in this *Handbook*, but it will coordinate with the relevant SSBs and seek their support on different aspects of the process as appropriate.[4]

The actual frequency of thematic reviews should remain flexible and reflect the availability of resources by FSB member institutions, the complexity of the topic under review, and the intensity of the review itself.

3.2. Criteria for country reviews

FSB member jurisdictions are expected to undergo a peer review approximately two to three years after the completion of an FSAP or ROSC.[5] However, the scheduling of country reviews will take account of individual country circumstances and will be applied in a flexible, non-mechanical manner. In particular, priority will be given to member jurisdictions that request a peer review because of a (recent or forthcoming) major financial sector reform program that would benefit from feedback received through a peer review.

Close coordination with the IMF and World Bank on the timing of country reviews vis-à-vis FSAPs will continue in order to maximise the synergies from the respective exercises.

4. Preparation

The second stage of the FSB peer review process – the preparatory stage – comprises topic selection (for country reviews only), the preparation of the terms of reference (TOR), team selection and information gathering (including via questionnaires).

4.1. Topic selection (country reviews)

As previously mentioned, country reviews focus on the implementation and effectiveness of regulatory, supervisory or other financial sector policies in achieving the desired outcomes in a specific member jurisdiction. In terms of the selection of topics, country reviews will give

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[4] These include defining the TOR for the review; contributing staff to the review team; designing the questionnaire for completion by FSB members; developing evaluation criteria for use in the peer review if these do not already exist; analysing the results; and drafting the report to be discussed by the SCSI.

[5] FSB member jurisdictions have committed to undergo an FSAP assessment every 5 years, and peer reviews taking place typically around 2-3 years following an FSAP will complement that cycle. Based on this five-year cycle, the SCSI can expect to eventually complete four to five country reviews each year. However, the actual frequency of FSAPs and ROSCs will depend on the work plans of the IMF and the World Bank.

priority to G20/FSB regulatory reforms that are not adequately monitored via other processes, while continuing to cover:

- priority FSAP recommendations on financial regulation and supervision as well as on institutional and market infrastructure that are deemed most important and relevant to the FSB's core mandate of promoting financial stability; and
- regulatory, supervisory or other financial sector policies not covered in the FSAP that are timely and topical for the jurisdiction itself (e.g. a major national reform initiative) and for the broader FSB membership. These topics should be agreed in advance with the reviewed jurisdiction as necessary and should not overlap with, or duplicate work being carried out as part of, other FSB peer reviews or with the assessment and surveillance work undertaken by the IMF and World Bank.

Country reviews may cover only a part of the relevant policy/standard or FSAP recommendation, in order to focus the scope of the review.

The topics to be addressed in country peer reviews will be decided by the SCSI, based on suggestions by the FSB Secretariat working in consultation with the reviewed jurisdiction and staff of the IMF (and the World Bank, where appropriate). When selecting those topics, the SCSI will consider inputs from FSB committees and working groups as well as take into account the coverage of similar reviews underway or planned by international organisations and SSBs.

4.2. Terms of reference

The TOR describe the objectives and scope of the peer review as well as the process which the peer review will follow, including the handling of any confidential information (see below). Review and approval of the TOR is the responsibility of the SCSI.

4.2.1. Thematic reviews

The TOR for thematic reviews will describe the objectives and motivation for the review, including any relevant background information; the proposed scope, approach and process; and the timelines for the review's completion. Given the technical nature of thematic reviews, the Secretariat will normally seek the support of the peer review team and/or other FSB working groups to draft the TOR. The SCSI will also coordinate with the relevant SSBs – particularly in cases where the review covers an existing standard – and seek their support as appropriate (see footnote 4).

4.2.2. Country reviews

The TOR for country reviews will describe the topics covered by the review and the motivation for including them, as well as the proposed timelines for the review's completion. It will also specify which international standards and/or guidance (where they exist) will be used to evaluate progress on each topic covered by the peer review, as well as any methodologies and/or evaluation criteria that will be used as a reference benchmark to facilitate the review team's analysis.

The draft TOR will be prepared by the Secretariat for discussion by the SCSI, and will include options of possible topics to be covered in the review. As part of the drafting process, the Secretariat will consult with the country under review to agree on the scope of the review,

as well as with staff of the IMF (and the World Bank, where appropriate) in order to avoid overlap with their assessment and surveillance work. Finalisation of the TOR and the selection of the topics to be reviewed will be the responsibility of the SCSI. A call for nominations of experts for the peer review team will be initiated once the topics have been selected by the SCSI.

4.3. Team selection

Responsibility for conducting the preparatory and consultative stages of a peer review will be delegated to a small team of peers, supported by the Secretariat. The teams will be composed of relevant experts from FSB members (both country authorities and international bodies), and all members are expected to contribute regularly over time to team staffing, taking due account of their respective resource capacity. The Secretariat will support the teams as needed to ensure consistency across reviews, and will be expected to lead in the production of the review report. The policy dialogue with the authorities will be led by a team leader drawn from the FSB Plenary or equivalent in seniority to Plenary representatives.

In the case of thematic reviews, a typical team will comprise 7-8 individuals (including the team leader, but excluding the Secretariat), although there will be significant variation around this average depending on the topic. In the case of country reviews, the number of team members will be influenced by the breadth and depth of the review, but it is expected that the team will generally be comprised of 3-5 individuals (including the team leader, but excluding the Secretariat). The difference in team size can be attributed to the scope of each review: there is typically a small number of topics to cover in country reviews, while thematic reviews need larger teams to be able to analyse the responses from FSB members.

A call for nominations of experts will be initiated by the Secretariat, which will set out the types of expertise and experience required for the peer review team. The SCSI Chair will decide on the composition of the team in a manner that ensures maximum effectiveness in undertaking the peer review process while having regard to balanced geographical representation. Effectiveness will be taken to mean relevant expertise, independence of judgement, and ability to deliver high quality and timely work. In addition, the selected team should have an appropriate balance across geographic regions in order to bring useful insights from the FSB's diverse membership. The Chair will solicit volunteer nominees who fulfil these criteria from all FSB members for each review.

The specific responsibilities of each team member will be determined at the outset of the process in consultation with the team leader and Secretariat, based on their respective areas of expertise. Team members will act in a personal capacity when participating in a peer review in order to ensure their independence and objectivity. They will be involved in the:

- preparation of the TOR and questionnaire (particularly for thematic reviews);
- collection and sharing of background information for the review;
- analysis of responses to the questionnaire received from member jurisdiction(s), including the identification of issues to explore further and of relevant additional information to request if necessary;
- follow-up policy discussions with national authorities, as needed;
- provision of relevant text to the Secretariat for the initial drafting of the report;

- involvement in peer review discussions as needed (the draft report will be presented to the SCSI by the team leader); and
- subsequent revision of the report based on feedback received during the discussions.

The peer review work represents a significant call on the time of individuals in the teams. The amount of time will depend on the specific circumstances of each review. Based on feedback from actual peer review experience to date[6], country review team members should plan to allocate the full-time equivalent (FTE) of approximately 5-6 weeks over a process that, as indicated in Section 1, may last around 6-9 months. Thematic reviews will require an even greater time commitment over a longer period of time – team members should plan to allocate the FTE of approximately 6-8 weeks over a process that may last around 9-12 months. Given the lack of an independent funding source of the FSB, each expert's home authority will need to cover the expert's own costs, including for travel if necessary.

As agreed by the SCSI, the use of consultants is not in general a suitable option for FSB country reviews, although there might be circumstances in which consultants will be engaged to support FSB thematic reviews.

4.4. Information collection

Responses to a questionnaire will be the primary source of information in the preparatory stage of the peer review process. Reviewed jurisdictions will be expected to provide responses to the questionnaire no later than two months after they have received it. To support and clarify the information provided in the answers to the questionnaire, authorities may be asked, where needed, by the review team to provide at the same time relevant data; copies of laws, regulations and supervisory guidance; and other written material that might be relevant, such as self-assessments.

The team may also collect additional information, as needed, on the jurisdiction being reviewed, or in the case of a thematic review on the theme. This might include peer reviews and assessments undertaken by international organisations and SSBs; information gathered by the FSB Implementation Monitoring Network as well as other FSB Committees and working groups; and information from market sources, other stakeholders and academia. The review team may also involve the private sector – for example, via consultation/outreach meetings whenever appropriate – during the peer review process to collect additional perspectives and to publicise the peer review itself.

4.4.1. Thematic reviews

Thematic reviews require a more detailed and customised questionnaire than country reviews in order to adequately capture the salient features of the theme under review. The questionnaire will ask member jurisdictions to provide information on their implementation of the relevant policy recommendations or standards under review, possibly in the form of a review template. In some thematic reviews, firms in FSB member jurisdictions may also be

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[6] This figure refers only to the direct time commitment required by team members for peer reviews, and excludes any travel and administration costs that they may also incur. It also excludes any resources required by FSB members and their support staff to review the relevant documents prepared as part of each review (TOR, questionnaire, draft report, press releases).

asked to provide information by responding to a questionnaire. The questionnaire(s) will be drafted by the Secretariat in consultation with the review team and submitted to the SCSI for approval. If the thematic review covers the implementation of standards developed by SSBs, the FSB will draw upon their work – including the use of relevant assessment methodologies – and consult with those bodies in developing the template/questionnaire.

In addition to the questionnaire(s), the FSB will seek input from market participants and other interested parties on the peer review by posting a request for public feedback on the FSB's website. The peer review team may also consult with relevant industry associations and consumer groups on the topic under review.

4.4.2. Country reviews

In the case of country reviews, the questionnaire will be standardised and focused on actions taken to follow up on relevant FSAP and ROSC recommendations and other topics included in the TOR as agreed by the SCSI. In the case of recommendations relating to ROSC assessments, the questionnaire will require the reporting of progress made with regards to the relevant principles. The authorities under review should provide the review team with copies of the most recent FSAP reports and supporting documentation (detailed assessments and relevant technical notes) if these have not been published (all future FSAPs and ROSC assessments of FSB member jurisdictions are expected to be publicly available); copies of the most recent IMF Article IV reports; and key contact persons in order to facilitate any necessary follow-up questions on the information provided and for the purpose of subsequent policy discussions. The draft questionnaire will be prepared by the Secretariat in collaboration with the peer review team, and submitted to the SCSI for approval.

The review team will also consult with the IMF-World Bank FSAP/ROSC assessors and/or the relevant IMF desk in order to obtain additional information on the reviewed jurisdiction.

4.4.3. Handling of confidential information

Access to confidential information (whether from firms or national authorities/supervisors) will only be provided to peer review team members and designated Secretariat staff via an appropriate confidentiality agreement.[7] Such a protocol will ensure that sensitive information obtained in the context of a peer review will not be disclosed or used for private advantage, and that confidentiality obligations will continue even after the completion of the review assignment.

In the case that peer reviews need to collect confidential information involving firms, this should be collected by national authorities. This information will be submitted to the FSB on a non-anonymised basis if the disclosure of the firms' identity is necessary to achieve the objectives of the peer review. The sharing of this information must be consistent with national legal frameworks and regulatory regimes; in some cases, this may mean that prior firm consent must be sought before the data may be shared.

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[7] FSB Secretariat staff is already subject to a duty of confidentiality under the BIS Code of Conduct, which obliges them not to disclose any confidential information that they come across in the course of their official work.

5. Consultation

The preparatory stage will be followed by a consultative stage, during which the peer review team analyses the information, prepares the draft report and discusses it with the authorities before submitting it to the SCSI.

5.1. Dialogue with authorities

The team will review the information collected, identify relevant issues to explore, and contact the relevant jurisdiction(s) to seek clarification or additional relevant information as needed. By undergoing the review, FSB members agree to work with the team in a collaborative and timely fashion, including by making relevant documentation available as necessary and facilitating policy discussions and the exchange of views with the team. In the case of country reviews, the reviewed jurisdiction will designate a senior-level representative, drawn from the Plenary where possible, to be the counterpart to the peer review team leader.

Country peer reviews will include a brief on-site visit in the reviewed jurisdiction to meet with the authorities; subject to the agreement of the reviewed jurisdiction, the on-site visit may also include meetings with relevant market participants. Such a visit should support the objectives of the peer review, should be consistent with equal treatment of members under the peer review process, and its expected benefits should outweigh the resource costs.

5.2. Drafting of preliminary report

The Secretariat will lead the drafting of the peer review report with input from the members of the review team.

The report will follow a standardised format that will differ to some extent for country and thematic reviews, while the length of each report will depend on the issues to be covered for the jurisdiction or theme under review. The report will comprise an executive summary, analytical sections describing recent accomplishments and evaluating areas where implementation is lagging, and a concluding section recommending actions to address any weaknesses identified. The analytical section will distinguish, where appropriate, weak compliance or performance caused by capacity or legislative constraints from that caused by unwillingness or other factors. Recommended actions, as well as the elements upon which they are based, will be clearly articulated and prioritised in the concluding section, with timelines where possible. Reference will also be made in the report to all information sources that were used in its preparation.

While the report will include an evaluation, the review will not conduct assessments or assign assessment grades. Well-developed processes for assigning assessment grades already exist – specifically the detailed assessments that underlie ROSCs – and therefore the focus of FSB country and thematic peer reviews will be on reporting progress made to date as well as on providing recommendations for improvements and follow-up actions.

The consultation stage ends with the submission by the team of the draft peer review report to the SCSI. The draft report will be circulated to the SCSI at least two weeks in advance of the meeting or conference call at which it will be discussed.

5.2.1 Thematic peer review reports

Thematic review reports will give particular attention to weaknesses common across a number of jurisdictions, problems caused by a lack of cross-country consistency in implementation or by policy ineffectiveness, and lessons from implementation experience about the effectiveness of the policies or standards themselves. A separate section might discuss significant weaknesses unique to particular jurisdictions. The report will propose suitable recommendations to address the weaknesses identified in the thematic review.

The length of each report will depend on the theme under review; the main body of the report should generally not exceed about 25 pages in length, and may be shorter in some cases. Additional detailed information, including the questionnaire used in the peer review and summary tables with the main findings, can be provided in Annexes.

The preliminary report will be shared with the jurisdictions participating in the thematic review in order to correct factual errors. In the case of references to specific jurisdictions, the authorities will be invited to provide their own comments and responses on the analysis, so that they can be incorporated in the report as appropriate. Given the overall constraint on the length of the report, the authorities' comments and responses should be concise and focused primarily on topics in which they have a major difference of opinion with the analysis and recommendations of the review team.

5.2.2 Country peer review reports

Country review reports will document in a concise manner the progress made by the reviewed jurisdiction in following up on selected FSAP/ROSC recommendations as well as any additional regulatory, supervisory or other financial sector policy issues covered by the peer review. The report will identify useful lessons of experience for other jurisdictions and will clearly highlight any recommendations to ensure clarity of messages.

The length of each country report (main body excluding Annexes) should generally be about 15 pages in length. Additional detailed information, including the FSAP/ROSC recommendations covered by the peer review, can be provided in Annexes. For the purposes of transparency and completeness, progress vis-à-vis other FSAP and ROSC recommendations will be self-reported by the reviewed jurisdiction in a table that would appear as an Annex, but that information will not be evaluated by the review team.

The preliminary report will be shared with the authorities in the jurisdiction under review in order to solicit their comments and responses on the analysis as well as to correct any factual errors. Given the overall constraint on the length of the report, the authorities' comments and responses should be concise and focused primarily on topics in which they have a major difference of opinion with the analysis and recommendations of the review team.

6. Evaluation

The evaluation stage includes the actual review by FSB peers, the finalisation and approval of the report, and its subsequent publication.

6.1. Peer review

The discussion of the report by peers within the FSB represents a key element of the review process. It is the open and frank dialogue and exchange of views among peers, as well as their cross-sectoral, cross-functional, system-wide perspective, that will add value to FSB

peer reviews. All members are therefore encouraged to actively participate in the review, both by submitting comments beforehand and by contributing to the Committee discussions.

The substantive review by peers will take place in the SCSI. The draft report will be presented by the team leader, assisted as needed by the other team members. The Committee discussion will ensue under the direction of the SCSI Chair.

In the case of country reviews, the reviewed jurisdiction will be invited to the discussion, whether or not it is a SCSI member. It will be entitled to bring, if needed, a larger delegation than would usually attend SCSI meetings. The reviewed jurisdiction will also be invited to take the floor prior to the discussion in order to comment on the peer review report and to explain how it intends to respond to the peer review recommendations.

The Secretariat, with support from the review team as needed, will revise the report based on feedback received during the discussion so as to reflect the consensus views of the SCSI. The report, including any comments and responses by the relevant jurisdiction(s), will be re-circulated to SCSI members for approval before being submitted to the Plenary.

6.2. Approval

The final responsibility for approving peer review reports lies with the Plenary, as the decision-making body of the FSB. These reports will normally be discussed by the Plenary so that all FSB members have the opportunity to express their views and agree on revisions if needed; however, in exceptional circumstances, Plenary approval by written procedure will also be possible.

As stipulated in the FSB Charter, Plenary decisions are taken by consensus. Consensus is not synonymous with unanimity. Rather, for the purpose of peer reviews, consensus is understood to mean that the views of all members are considered and compromises are sought, but that no single jurisdiction can block a decision supported by a clear majority; compromises are sought, differences are accepted, but dissenters do not stand in the way of a decision. The report would provide the opportunity for the jurisdiction(s) being assessed to separately express their views. The final report will therefore reflect the views of both the peers and the reviewed jurisdiction(s), including any differences that may arise on a specific topic. The SCSI will follow a similar approach to ensure consensus on a peer review report before submitting it to the Plenary for approval.

6.3. Publication

Immediately following approval by the Plenary, the peer review report will be published by the FSB on its public website. A press release summarising the main findings and recommendations will accompany the report's publication. The reports will be shared, and discussed as appropriate, with relevant FSB working groups and SSBs. The country peer review reports will also be officially conveyed to the Plenary members of the IMF (and the World Bank, where appropriate) by the SCSI Chair.

The reviewed jurisdiction(s) may request that highly market-sensitive information, based on criteria that will be defined by the SCSI, be deleted from the report before it is published. Examples of highly market-sensitive information may include information concerning vulnerabilities in banking systems and confidential commercial or supervisory material. However, deletions will not apply to information in the public domain or politically sensitive

information that is not highly market sensitive. The decision whether to delete such information will be made by the Plenary, at the recommendation of the SCSI Chair, when the Plenary approves the revised peer review report; no other deletions will be allowed.

To further enhance the visibility of the peer review report, the SCSI may undertake one or more of the following actions depending upon the type and topic of the review:

- organise public events (workshops, forums, roundtables) with relevant parties, including the private sector, following the conclusion of the peer review in order to present the results[8];
- have the team leader and/or the SCSI Chair give speeches and press conferences, or make presentations in relevant international fora, on the main findings of the review;
- encourage national authorities that participated in a peer review to contribute to public disclosure by disseminating the results in their respective jurisdictions (e.g. via a press statement or a link to the report on the FSB's website); and
- discuss the reports (whenever appropriate) in FSB regional consultative groups.

7. Follow-up

There are two kinds of follow up for peer reviews: monitoring and reporting of agreed implementation actions, and sharing insights and lessons learned with other stakeholders.

7.1. Monitoring and reporting of agreed implementation actions

The implementation of actions agreed in peer review reports should be monitored and reported on as described below. If implementation lags, peer pressure to implement the agreed actions should be applied.

For country reviews, the reviewed jurisdiction will update SCSI on an informal basis after about one year on progress made in addressing the recommendations. The FSB Secretariat will also explore, if requested by the reviewed jurisdiction, ways to support the implementation of those recommendations by leveraging the capacity building and technical assistance programs of FSB members. In addition, a natural opportunity for follow-up will be subsequent FSAPs or ROSCs. If members undertake FSAPs about every five years, then an FSAP update would occur in principle about two to three years after the FSB review. Country review reports can potentially flag issues for analysis in a subsequent FSAP, while FSB member jurisdictions could request coverage in the FSAP or ROSC of particular areas found in the country review to be in need of follow up.

Monitoring of thematic peer review recommendations and agreed implementation actions will take place on a case-by-case basis as determined by the SCSI; in certain cases, existing monitoring mechanisms by the FSB (such as the Implementation Monitoring Network) or its members may be used for this purpose.

If implementation in a particular jurisdiction is lagging, then the SCSI should be ready to propose exceptional measures for the Plenary's approval, which would be employed on a

[8] The annual SCSI dinner with industry participants is another means of discussing and soliciting feedback on the findings and recommendations of peer reviews.

graduated basis in order to incentivise actions. These could include a letter from the FSB Chair to the relevant member outlining the Plenary's concerns; a discussion by the Plenary with the reviewed jurisdiction; or publication of the Plenary's concerns on the FSB website. The timeframe and conditions that necessitate peer pressure measures would be defined and agreed by the SCSI beforehand in order to ensure the consistency and transparency of treatment.

7.2. Sharing insights and lessons learned

Follow-up also involves bringing to the attention of other FSB Committees and international bodies any gaps in standards or recurring weaknesses that impede their effectiveness in achieving the desired outcomes and thereby merit being addressed through adjustments to the standards themselves or in best practices for their implementation. The SCSI will highlight any such gaps or weaknesses identified in peer review reports and bring them to the attention of other FSB Committees or to the Plenary for approval to communicate to other bodies, as appropriate.

With support from the Secretariat, the SCSI may submit periodically to the Plenary a report outlining trends or common shortcomings identified during peer reviews and proposing actions to address them. The report could include suggestions for improving the peer review process itself, based on the experience with FSB peer reviews.