

Cooperation and Information Sharing with Host Authorities in Jurisdictions where a G-SIFI has a Systemic Presence and that are not Represented on its CMG

Overview of Responses to the Public Consultation

On 17 October 2014, the Financial Stability Board (FSB) published a consultative document – [*Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions Not Represented on CMGs where a G-SIFI has a Systemic Presence*](#) (‘the Guidance’) – setting out draft guidance on the requirements in the *Key Attributes* for cooperation and information sharing between CMGs and document jurisdictions where the firm has a systemic presence locally but that do not participate in the CMG (‘non-CMG host jurisdictions’). In addition, the draft guidance has been subject to consultation with authorities that are not FSB members through the FSB Regional Consultative Groups (RCGs).

The FSB received 11 responses to the public consultation from official sector bodies, individual G-SIFs and industry associations.¹

Respondents welcomed the FSB’s initiative to develop guidance that supports cooperation and coordination beyond CMG membership, and agreed broadly with the process for identifying non-CMG host jurisdictions where a firm has a systemic presence and the respective roles of home and host jurisdictions. Respondents generally considered the proposed criteria for assessing the systemic presence of G-SIFs in a non-CMG host jurisdiction to be appropriate and supported the aim of promoting a consistent approach to such assessments. The proposed possible formats of cooperation arrangements – extended groups of authorities with crisis management responsibilities, regional sub-groups for specific geographical areas and bilateral arrangements – were found to be adequate and comprehensive. Most respondents also considered that the general classes of information set out in the draft guidance were appropriate and sufficient to enable non-CMG host authorities to assess the impact of a G-SIB’s resolution strategy and plan on the firm’s local operations. Several additions or modifications to the description of those classes have been made to reflect specific comments.

This note summarises the main issues raised in the comments received and the approach being taken to these issues in the final Guidance that is being published together with this report. The principal substantive comments related to confidentiality, the identification of jurisdictions where a G-SIFI has a systemic presence and the criteria for such assessment, and

¹ The comment letters are published at: [Public responses to the October 2014 consultative document ‘Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions Not Represented on CMGs where a G-SIFI has a Systemic Presence’ - Financial Stability Board](#)

the classes of information needed to enable non-CMG host authorities to assess the potential impact of the failure of the G-SIFI in the host jurisdiction.

Confidentiality protection as a prerequisite for information sharing

All industry respondents stressed the importance of the explicit recognition in the guidance that disclosure of sensitive information should be conditional on the existence of appropriate confidentiality protections in the non-CMG host jurisdiction. The final Guidance makes it clear that as a necessary prerequisite for information-sharing, recipient authorities need to demonstrate that they meet the standards on information sharing for resolution purposes and associated confidentiality protections set out in the *Key Attributes* (namely, KAs 7.6, 7.7 and 12.1 and I-Annex 1). The FSB also recognises that it may not be possible for firms to provide certain information directly to non-CMG host authorities pending reforms to fully implement appropriate standards within their legal frameworks, and the Guidance no longer refers to this possibility.

Identification of jurisdictions where a G-SIFI has a systemic presence

There was some divergence between respondents over how disagreements between home and non-CMG host authorities on the systemic importance of the G-SIFI's local operations to the host jurisdiction should be settled. Some supported the proposal in the draft guidance that the home authority should generally accept the assessment of the host authority provided it is supported by the specified criteria, while others favoured instead a process of negotiation involving the home and non-CMG host authorities and the firm in question. The Guidance recognises that host authorities are likely to be best placed to assess the systemic nature of a firm's operations in their own jurisdiction, and balances this with review of those assessments by the home authorities together with the host authorities, and a potential role for the G-SIFI in verifying factual information or analysis (although the firm's views should not be determinative).

The criteria for assessing the systemic presence of a G-SIFI in a non-CMG host jurisdiction have been tightened to promote consistent approaches and methodologies across jurisdictions. Several industry respondents suggested that it would be helpful for the guidance to clarify the interaction of the assessment of systemic presence with the concepts of 'material subsidiary for purposes of the application of the new TLAC standard. This suggestion has not been reflected. There is a difference between the concept of entities that are locally systemic and the concepts of material subsidiary or sub-group for the purposes of the TLAC standard, and the FSB believes that these should not be conflated.

Classes of information needed to enable non-CMG host authorities to assess the potential systemic impact of resolution measures on the local operations of a G-SIFI

In response to comments received, several changes have been made to the classes of information that may need to be shared. Those changes include the addition of information about the preferred resolution strategy and the amount and main features of external and internal TLAC. The Guidance also makes it clear that the information needs of non-CMG host jurisdictions are likely to vary significantly depending on the preferred resolution strategy, and that the extent to which confidential information needs to be shared depends on what is needed for the non-CMG host authorities to assess the impact of the resolution strategy and plan on the firm's local operations.

Implementation and monitoring

Several respondents, together with RCG members, emphasised the need to ensure that the guidance is put into effect and that steps are taken by home authorities and CMGs to identify and engage with non-CMG host authorities in a timely fashion. The FSB engages in outreach with authorities that are not FSB members through the RCGs and through workshops on resolution. It will also monitor the arrangements that are being adopted, in accordance with this Guidance, to comply with the requirement of the *Key Attributes* for cooperation and information sharing with non-CMG hosts and will report to the G-20 on progress in this area.