

Press release

Press enquiries:
+41 76 350 8138

Joe.Perry@fsb.org

Ref no: 40/2016
16 December 2016

FSB consults on proposed guidance to support resolution planning and promote resolvability

The Financial Stability Board (FSB) has today issued for consultation two proposals for guidance on the implementation of its resolution standards which form part of the overall policy framework to end “too-big-to-fail”.

Consultation on [Guiding Principles on the Internal Total Loss-Absorbing Capacity of G-SIBs \(‘Internal TLAC’\)](#)

G20 and FSB members made a commitment last year to the timely, full and consistent implementation of the FSB’s standard on [Total Loss-Absorbing Capacity](#) (‘the TLAC standard’) that was published in November 2015. The TLAC standard defines a minimum requirement for the instruments and liabilities that should be held by global systemically important banks (G-SIBs) and readily available for bail-in during a bank resolution. It also requires a certain amount of those loss-absorbing resources to be committed to subsidiaries or sub-groups that are located in host jurisdictions and deemed material for the resolution of the G-SIB as a whole (‘internal TLAC’). The consultative document proposes a set of guiding principles to support the implementation of the internal TLAC requirement, covering in particular:

- The process for identifying material sub-groups;
- Considerations relating to the determination of the size of the internal TLAC requirement, its composition and the trigger mechanism; and
- Cooperation and coordination between G-SIB home and key host authorities.

Consultation on [Guidance on Continuity of Access to Financial Market Infrastructures \(FMIs\) for a Firm in Resolution](#)

A key objective of resolution planning is to ensure the continuity of a firm’s critical functions in resolution. To maintain continuity of critical functions in resolution, it is necessary to ensure the parallel continuity of the services that underpin them, including those provided by FMIs. The proposed guidance seeks to address the risk of a bank in resolution being unable to maintain access to the clearing, payment, settlement and custody services provided by FMIs that are necessary to continue the provision of a firm’s critical functions in resolution. It builds on [Part II of II-Annex 1](#) of the FSB’s [Key Attributes of Effective Resolution Regimes for Financial Institutions](#), which deals with the resolution of FMI participants, and sets out arrangements to support continuity of access to FMIs for a firm in resolution that apply at the level of the

providers of FMI services, at the level of FMI participants and at the level of the relevant resolution and FMI authorities.

Speaking about today's releases, Elke König, Chair of the FSB Resolution Steering Group and Chair of the European Single Resolution Board, said: "Distribution of TLAC within a G-SIB is a key aspect of making resolution work on a cross-border basis, and this consultation paper will provide valuable guidance to authorities as they implement TLAC in their jurisdictions. Similarly, continuity of access to financial market infrastructures is essential to maintaining stability and market confidence in resolution. Taken together, implementation of these proposals will go a long way to making G-SIB resolution feasible and credible and ending "too-big-to-fail"."

The FSB welcomes comments and responses to the questions set out in the consultative documents by Friday, 10 February 2017. Responses should be sent to fsb@fsb.org. Responses will be published on the FSB website unless respondents expressly request otherwise.

Notes to editors

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 Resolution Steering Group leads the FSB's work on resolution and resolution planning for all sectors and developed the *Key Attributes of Effective Resolution Regimes for Financial Institutions*.

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.