

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 full, timely 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, 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, February 2015 and March 2017 in response to SCSI members’ suggestions on ways to further enhance the functioning of 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 implementation monitoring and assessment mechanisms of other international bodies as well as experience with 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 a particular area important for global financial stability. Thematic reviews may also analyse

¹ See <http://www.fsb.org/wp-content/uploads/FSB-Charter-with-revised-Annex-FINAL.pdf>.

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

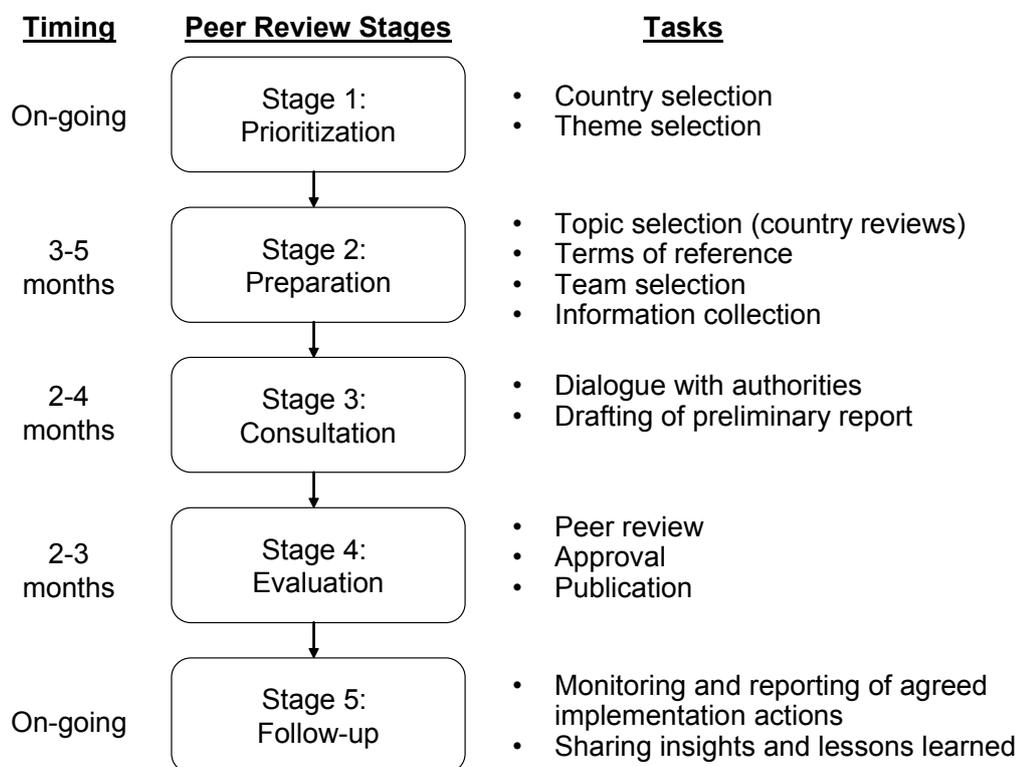
³ See http://www.financialstabilityboard.org/publications/r_111017.pdf.

other areas important for global financial stability where international standards or policies do not yet exist. The objectives of the reviews are to encourage full, timely and 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 a specific FSB member jurisdiction. They examine the steps taken or planned by national/regional 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 conducting 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 6.1 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 other 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 respective 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

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.

SCSI will agree on the prioritisation of countries and themes on a rolling basis. 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, 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 SCSI's 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

SCSI will prioritise the areas highlighted in the CFIM where the full, timely and consistent 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 or SSBs once implementation is sufficiently underway. Other criteria for prioritising thematic peer reviews include:

- (i) areas where weaknesses and gaps in the timeliness, consistency or effectiveness of implementation of international policies and standards affecting the global financial system have been identified, particularly when the relevant standard has been developed by the FSB 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.

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 SCSI on the objectives, scope, methodology and timelines of the review. In all other cases,

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

SCSI expects to conduct around 1-2 thematic reviews per year, although the actual frequency of such reviews should remain flexible and reflect the availability of resources of FSB members, the complexity of the topic under review, and the intensity of the review itself. To facilitate planning, SCSI will develop a pipeline of topics over a rolling 2-year horizon. The pipeline would include the broad reform areas that may warrant closer attention based on implementation monitoring information, with the specific areas of coverage determined by SCSI closer to the commencement of the review.

3.2. Criteria for country reviews

SCSI will conduct around three country reviews per year, i.e. a full cycle of reviews for all FSB member jurisdictions will be completed over an eight year time period. This includes a peer review of the European Union (EU) as a single jurisdiction, which will focus on G20/FSB reforms that have been implemented at EU level. A peer review of the EU will complement, but not replace, individual country reviews of EU member states that are also FSB members.

The scheduling of these reviews will take account of individual jurisdictions' circumstances and be applied in a flexible, non-mechanical manner. Relevant factors to be used by SCSI in prioritising country reviews include: identified weaknesses and gaps in jurisdictions' implementation; any (recent or forthcoming) major financial reforms that would benefit from feedback received through a peer review; and the timing of FSAP/ROSC assessments⁵ and other implementation monitoring exercises for that jurisdiction. Close coordination with the IMF and World Bank on the timing of country reviews vis-à-vis FSAP/ROSC assessments 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 a specific member jurisdiction. In terms of the selection of topics, country reviews will give priority to G20/FSB regulatory reforms where weaknesses or gaps in the timeliness, consistency or effectiveness of implementation have been identified and that are not adequately monitored via other processes, while continuing to cover:

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 SCSI.

⁵ FSB member jurisdictions have committed to undergo an FSAP assessment every 5 years, and peer reviews are expected to take place in-between those assessments.

- key 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/ROSC recommendation, in order to focus the scope of the review.

The topics to be addressed in country reviews will be decided by SCSI based on suggestions by its members as well as 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, SCSI will consider the jurisdiction’s status of implementation of G20/FSB reforms; relevant findings from its most recent FSAP/ROSC assessment; other inputs from FSB committees and working groups; as well as the coverage of other implementation monitoring exercises 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 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 proposed 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. 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).

In accordance with FSB member jurisdictions’ commitment to undergo periodic peer reviews, thematic reviews will cover all FSB jurisdictions. In exceptional circumstances as approved by SCSI, the scope of jurisdictions covered in such reviews may be narrower where the topic is only relevant to some jurisdictions.

4.2.2. *Country reviews*

The TOR for country reviews will provide an overview of the jurisdiction’s implementation status of G20/FSB reforms and the main findings of the most recent FSAP assessment; describe the topics covered by the review and the motivation for including them; and outline the proposed timelines for the review’s completion. It will also specify which international standards or guidance (where they exist) will be used to evaluate progress on each topic covered by the peer review, as well as any methodologies or evaluation criteria (where they exist) 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 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 jurisdiction 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 SCSI. A call for nominations of experts for the peer review team will be initiated once the topics have been selected by 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 team chair and members 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 a small number of topics to cover in country reviews (typically 1-2 topics), 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. Moreover, a roster of experts from FSB members may be developed for certain topics that will likely be the focus of multiple country reviews. 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 contribute, as subject matter experts, to a technical and objective assessment of the information collected in the peer review, and they will not pre-judge the outcome of the review based on their own institution's policies or positions. 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 discussions with counterparts from the reviewed 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 SCSJ 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 date⁶, 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 SCSJ, 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; implementation monitoring information gathered by the FSB and SSBs; 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.

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).

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 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 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 soliciting information on: the regulatory framework and financial system; actions taken to follow up on relevant FSAP/ROSC and peer review recommendations; and other topics included in the TOR as agreed by 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;⁷ the most recent IMF Article IV reports; other supporting documents on the topics covered by the peer review (e.g. laws, regulations, supervisory guidance, self-assessments or other relevant material); 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 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.⁸ Annex A of this *Handbook* provides an illustrative example of a confidentiality agreement template for sharing firm-level data. This agreement will serve as a template that will be adapted as necessary to meet the needs of different peer

⁷ In accordance with the FSB Framework for Strengthening Adherence to International Standards (ibid), all FSAP reports and ROSC assessments of FSB member jurisdictions are expected to be publicly available.

⁸ 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.

reviews.⁹ 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.

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 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

⁹ For example, some securities regulators may seek additional language in the confidentiality agreement to address potential use of information for enforcement purposes or other legally enforceable demands.

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 SCSI. The draft report will be circulated to 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. In the case of FSB thematic reviews focusing on a topic that is the subject of implementation monitoring by an FSB group or SSB, the draft report will also be circulated to that group or SSB so that any feedback can be shared with SCSI.

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 the selected topics covered by the review, including any relevant FSAP/ROSC recommendations. 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 descriptions of the jurisdiction's financial system and overall implementation status, can be provided in Annexes. For the purposes of transparency and completeness, progress vis-à-vis other G20/FSB reforms 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 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, regardless of whether 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 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 be circulated to the Plenary so that all FSB members have the opportunity to express their views and agree on revisions if needed.

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. 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 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, 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;
- 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, through a short note 1-2 years following the completion of the review, 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, country review reports can potentially flag issues for analysis in a subsequent FSAP or ROSC assessment, and FSB member jurisdictions could request coverage in the FSAP/ROSC of particular areas found in the country review to be in need of follow up.

For thematic reviews, the Secretariat will update SCSI on the follow-up of review recommendations 1-2 years following the completion of the review based on feedback from relevant parties, including jurisdictions, SSBs and other bodies; in certain cases, other 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 SCSI should be ready to propose exceptional measures for the Plenary's approval, which would be employed on a 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 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. 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 FSB Secretariat, 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.