

Press release

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FSB acts to address issues highlighted by March market turmoil

The Financial Stability Board (FSB) today published a letter from its Chair and two reports delivered to G20 Leaders ahead of their Summit this week:

- **Chair's letter** – FSB Chair Randal K. Quarles notes the FSB will continue to act to address vulnerabilities in the financial system exposed by COVID-19 and new and emerging risks. While financial conditions have continued to ease, persistent economic uncertainty and still elevated financial stability risks call for continued vigilance. The protracted nature of the COVID Event requires continued efforts to support financial resilience and ensure a sustained flow of financing to the real economy. Addressing the vulnerabilities exposed by the COVID Event and making progress on other important topics ranging from cross-border payments to LIBOR will require continued strong commitment and coordination at the international level.
- **Holistic Review** – the Review finds that the breadth and dynamics of the economic shock and related liquidity stress in March were unprecedented. The March turmoil underscores the need to strengthen the resilience of non-bank financial intermediation (NBFi). The review sets out an NBFi work programme, which focuses on three main areas: work to examine and address specific risk factors and markets that contributed to amplification of the shock; enhancing understanding of systemic risks in NBFi and the financial system as a whole, including interactions between banks and non-banks and cross-border spill-overs; and assessing policies to address systemic risks in NBFi.
- **COVID-19 pandemic: Financial stability impact and policy responses** – risks to global financial stability remain elevated. Volatility in equity prices has increased recently against the backdrop of a second wave of the pandemic and further containment measures in some regions. Financial conditions may therefore remain vulnerable to sharp shifts in investor sentiment. The effectiveness of the policy response to COVID-19 critically depends on measures taken remaining in place as long as necessary. Heightened economic uncertainty and continued elevated risks to financial stability reinforce the case for continued close international cooperation to help maintain global financial stability, keep markets open and functioning, and preserve the financial system's capacity to finance growth.

Notes to editors

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes 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 approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman, US Federal Reserve; its Vice Chair is Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.