

Press release

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FSB discusses 2018 workplan and next steps on evaluations of effects of reforms

The Financial Stability Board (FSB) Plenary met in Berlin today.

FSB's workplan for 2017-18

The FSB reviewed its workplan for the remainder of 2017 and 2018. In this context, Argentina's Plenary members briefed the meeting on the potential themes for the finance track of the Argentine G20 Presidency in 2018.

The work coordinated by the FSB to agree the international post-crisis policy reform agenda is nearly complete. Nevertheless, in cases, important policies have yet to be fully operationalised.

Monitoring and publicly reporting on member jurisdictions' implementation of agreed reforms remains a priority. Meanwhile, implementation has progressed in a number of areas to a stage where post-implementation evaluation of the effects of the reforms is becoming possible, which can inform adjustments where needed without compromising on their objectives.

The FSB is also monitoring, and addressing where needed, new and emerging risks.

Against this background, the Plenary assessed potential vulnerabilities in the financial system and discussed a number of specific items on the work programme, as described below.

Evaluating the effects of reforms

The Plenary agreed that the FSB, in coordination with the relevant standard-setting bodies, should undertake an evaluation of the effects of reforms on financial intermediation, to be carried out as part of the FSB's framework for post-implementation evaluation of the effects of the G20 financial regulatory reforms. The evaluation will have two components:

- The first component, to be completed in advance of the 2018 Argentine G20 Summit, will examine trends in the financing of infrastructure investment including, to the extent possible, evaluating the effects of financial regulatory reforms on this financing.
- A related component of the study will examine intermediation trends by broad financing source (including bank financing and market-based financing), across types of borrowers and across countries, and evaluate the effects of the financial reforms on resilient financial intermediation in relevant areas.

As set out in the FSB's framework, the FSB will engage with stakeholders and academics early on as part of this process.

This will be the second evaluation to be launched under the FSB's framework. The first evaluation, a review of the incentives for central clearing of over-the-counter derivatives, began in July and will conclude in late 2018. Members discussed progress on this project, which will include a public consultation in mid-2018.

Global systemically important financial institutions

Members discussed the progress of the annual reviews of the lists of global systemically important banks (G-SIBs) and global systemically important insurers (G-SIIs), conducted in consultation with the Basel Committee on Banking Supervision (BCBS) and the International Association of Insurance Supervisors (IAIS).

The Plenary received an update on the work by the BCBS and the IAIS to assess any cross-sectoral inconsistencies in the assessment methodologies for G-SIBs and G-SIIs.

Members were also updated on progress in the implementation of the third phase of the G-SIBs data collection, focused on granular aggregate data on G-SIBs' exposures and funding.

Cyber-security

The Plenary reviewed the results of a stocktake of existing publicly available regulations and supervisory practices with respect to cyber-security in the financial sector, as well as existing international guidance. Members discussed the key themes raised in a public-private sector workshop held in September. The stocktake will be delivered to the G20 Finance Ministers and Central Bank Governors meeting in Washington DC next week and published thereafter.

Addressing misconduct risks

The meeting covered two elements of the FSB workplan to address misconduct risks in the financial sector that was originally set out in 2015:

- The Plenary discussed progress in the development of a toolkit to strengthen governance frameworks to mitigate misconduct risks, which is planned to be published in April 2018.
- The Plenary approved for publication shortly a progress report on reforms to major interest rate benchmarks from the FSB's Official Sector Steering Group set up to coordinate these reforms.
- The Plenary discussed developments in correspondent banking and remittances.

Market-based finance

The Plenary received updates on

- the annual global shadow banking monitoring exercise, the results of which will be published by end-2017; and
- the operationalisation by the International Organization of Securities Commissions (IOSCO) of relevant FSB policy recommendations to address structural vulnerabilities from asset management activities.

The FSB approved the operational arrangements to initiate data collection and aggregation of global securities financing transactions, beginning with end-2018 data. The detailed reporting guidelines will be published later this year.

FSB governance

FSB members asked the FSB Chair, whose second term would come to an end on 4 November 2017, to serve for a further period until 1 December 2018.

The Plenary agreed the appointment of Dietrich Domanski, following a publicly advertised search process, to succeed its current Secretary General, Svein Andresen, who will be leaving the position in January 2018.

The FSB appointed Mark Branson (Chief Executive Officer, FINMA (Swiss Financial Market Supervisory Authority)) as Chair of the Resolution Steering Group (ReSG) for a two-year term ending on 31 October 2019. ReSG oversees and coordinates resolution-related policy development work within the FSB for the banking and non-banking sector and monitors its implementation. The Plenary thanked the outgoing ReSG Chair, Elke König (Chair of the European Union's Single Resolution Board), for her service.

The Plenary agreed to undertake a review of the jurisdictions represented within the FSB's six Regional Consultative Groups (RCG). To this end, the RCGs will recommend for Plenary decision, at its next meeting, any changes to the jurisdictions in the RCGs' membership.

The Plenary agreed to a review of the FSB's processes, procedural guidelines and transparency to ensure its effective operation as it enters a new stage focused on the implementation and effects of the G20 financial regulatory reforms.

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 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.

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