

Press release

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FSB Europe Group discusses financial stability outlook and policies to address risks from crypto-asset activities

The Financial Stability Board (FSB) Regional Consultative Group for Europe met today in Lisbon to discuss global and regional economic and financial market developments, including recent work to address vulnerabilities in non-bank financial intermediation and to promote consistent and effective regulation of crypto-assets and markets as well as stablecoin arrangements. Members also received an update on planned FSB work for 2023, including proposed deliverables to the Indian G20 Presidency.

Members discussed the increasingly challenging outlook for financial stability globally and in the region arising from volatile commodity prices, high inflationary pressures and vulnerabilities in the non-bank financial system amidst heightened geopolitical tensions and tightening global financial conditions. Members also discussed challenges arising from climate change related financial exposures, cyber threats and structural changes due to digital innovation.

Recent developments underscore the importance of enhancing the resilience of non-bank financial intermediation. The group discussed FSB analysis and work priorities in this area and agreed with the need to take further steps to address structural liquidity mismatch in open-ended funds, including by promoting greater clarity and specificity around redemption terms and enhancing liquidity management tools, and to close data gaps.

The group exchanged views on jurisdictions' approaches to the regulation, supervision and oversight of crypto-asset activities and markets and stablecoin arrangements. Members agreed that the FSB's recently published consultative reports¹ are a major step towards establishing a robust international framework to identify, monitor and address financial stability risks from crypto-asset activities. They stressed that further work was needed to promote the effective implementation of the FSB Recommendations once finalised, and that, in light of recent developments, decentralised finance, trading platforms and so-called crypto conglomerates and exchanges that vertically integrate multiple functions deserve urgent regulatory attention. The meeting was preceded by a seminar that explored the growing interlinkages between crypto-asset markets and the traditional financial system.

¹ See FSB (2022), *International Regulation of Crypto-asset Activities: A proposed framework – questions for consultation*, October; FSB (2022), *Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets: Consultative report*, October; FSB (2022), *Review of the FSB High-level Recommendations of the Regulation, Supervision and Oversight of "Global Stablecoin" Arrangements: Consultative report*, October.

Notes to editors

The FSB Regional Consultative Group for Europe is co-chaired by Henry Ohlsson, Deputy Governor, Sveriges Riksbank, and Gwyneth Nurse, Director General, Financial Stability at the UK Treasury. Membership includes financial authorities from Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Ukraine, United Kingdom and the Group of International Finance Centre Supervisors. The European Commission, the European Central Bank (ECB) and the ECB Banking Supervision also attended the meeting.

The FSB has six Regional Consultative Groups, established under the FSB Charter, to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability.² Typically, each Regional Consultative Group meets twice each year.

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 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.

² The FSB Regional Consultative Groups cover the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and sub-Saharan Africa.