

Press release

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FSB illustrates practical approaches to the execution of bail-in

The Financial Stability Board (FSB) today published a Practices Paper on the Execution of Bail-in.

Bail-in is at the core of resolution strategies for global systemically important banks (G-SIBs). Set out in the *Key Attributes of Effective Resolution Regimes for Financial Institutions*, it is an important tool enabling an orderly resolution that minimises any impact on financial stability and ensures the continuity of critical functions, without exposing taxpayers to loss.

Operationalising bail-in is a critical part of resolution planning for G-SIBs and other firms where bail-in is part of the resolution strategy. Since the adoption of the FSB's *Principles on Bail-in Execution*, resolution planning has progressed, and authorities have developed approaches and practices in accordance with their respective jurisdictions' legal frameworks, securities law and exchange requirements.

Drawing on examples and practices across different jurisdictions, this paper provides an overview of practices, operational processes and arrangements as part of the bail-in process. This includes the suspension of trading and delisting from trading venues of securities of bailed-in firms; the (re-)listing and (re-)admission to trading of new and existing securities; and the role central securities depositories (CSDs) play in the cancellation of shares, write-down and/or conversion of eligible instruments, and issuance of new shares and interim instruments.

The paper also highlights cross-border challenges to the execution of bail-in, where securities are listed on more than one trading venue across different jurisdictions, or where securities are issued in a market other than the domestic market. These include the suspension of trading and settlement across all relevant trading venues and CSDs; the distribution of the new securities in foreign markets or to foreign investors; and operational challenges arising for example from the involvement of multiple CSDs. These issues introduce additional complexities to the execution of bail-in, which may need to be specifically addressed as part of resolution planning.

The FSB will continue to facilitate the sharing of practices amongst authorities and efforts to address these issues, including by continuing its engagement with stakeholders as part of the work of its Resolution Steering Group and Bank Cross-Border Crisis Management Working Group.

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 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.