

Press release

Press enquiries:
+41 61 280 8138
Joe.Perry@fsb.org

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FSB RCG for Europe discusses recovery and resolution, interest rate benchmarks and market-based finance

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Europe met in Florence today.

RCG members began by discussing current financial vulnerabilities, including global and regional macroeconomic and financial market developments.

Members received an update on the work of the FSB, including the outcomes of the FSB's recent Plenary meeting. The FSB's 2018 workplan focuses on (i) monitoring the financial system to identify emerging risks, including those related to crypto-assets; (ii) completing the G20's financial reform priorities; (iii) evaluating policies that have been implemented to ensure the reform programme is efficient, coherent, effective and addressing any unintended consequences, and (iv) optimising how the FSB works to maximise its effectiveness.

Interest-rate benchmarks in individual jurisdictions within the RCG Europe were the next topic for discussion. Members of the group discussed the reforms put in place across Europe. Members discussed the implementation of EU benchmark legislation and the issues authorities face to ensure the transparency, reliability and improved governance and supervision of benchmark rates.

Members then discussed progress in work to transform shadow banking into resilient market-based finance. Members noted that market-based finance provides a valuable alternative to bank funding and helps to support real economic activity, but it may also pose risks for financial stability. The group discussed the importance of implementing the FSB's recommendations to address vulnerabilities from asset management activities, including those being operationalised by the International Organization for Securities Commissions.

The meeting was preceded by an informal seminar on current issues in bank recovery and resolution. European authorities are currently developing legislation to implement the FSB's standard on Total Loss-Absorbing Capacity that is designed to ensure that a failing bank has sufficient loss-absorbing and recapitalisation capacity available.

The RCG Europe is co-chaired by Luigi Federico Signorini, Deputy Governor, Bank of Italy and Mojmir Hampl, Vice Governor, Czech National Bank. The membership of the FSB Regional Consultative Group for Europe includes financial authorities from Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United

Kingdom and the Group of International Finance Centre Supervisors. The European Central Bank also attended the meeting.

Notes to editors

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.¹ Typically, each Regional Consultative Group meets twice each year.

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. Through its six Regional Consultative Groups, the FSB conducts outreach with and receives input from an additional approximately 65 jurisdictions.

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.

¹ 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.