

Press release

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FSB Americas RCG discusses FSB priorities, financial reforms, correspondent banking and asset management activities

On 26-27 May, the Bank of Canada hosted in Montréal the latest semi-annual meeting of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Americas, and round tables covering the decline in correspondent banking services and issues relating to asset management activities. The RCG provides a forum for FSB outreach to a wider range of countries in the region beyond the FSB membership on potential vulnerabilities affecting the region, on FSB initiatives and on other measures that could be taken to promote financial stability.

At the RCG meeting on 26 May, members began by considering regional vulnerabilities and financial stability issues, followed by a discussion of the FSB's 2016 work plan and policy priorities, which have the following goals: promoting full, consistent and timely implementation of the international financial reforms; finalising the design of the remaining post-crisis reforms; and addressing new risks and vulnerabilities. They next considered the total loss-absorbing capacity (TLAC) standard that applies to global systemically important banks (G-SIBs), which was finalised in late 2015, and implications for countries in the Americas region that host G-SIBs, such as issues related to depth of local markets, home-host issues, and the need for enhanced cross-border coordination.

Members discussed the latest developments in Basel III implementation, including the work of the Basel Committee Task Force on Sovereign Exposures and the use of capital conservation and countercyclical buffers within the Basel standards. They also discussed a proposal for the RCG to study long-term finance activities in the Americas region. Members also reviewed work to develop global principles of good practice to promote the integrity and effective functioning of the wholesale foreign exchange market. The first phase of the Global Code of Conduct for the Foreign Exchange Market was published by the Markets Committee of the Bank for International Settlements on 26 May.

On 27 May, the RCG held private sector-public sector roundtables on correspondent banking and asset management activities. Members and industry participants considered experiences in the Americas region with regard to the withdrawal of correspondent banking services. They discussed the latest global developments and an overview of international work to address the issue, given the potential implications of withdrawal of correspondent banking services for financial exclusion. Work underway or that could be undertaken by the financial industry, national authorities and international bodies to address this issue includes clarifying regulatory expectations further, enhancing data collection by banks, strengthening the sharing of

information by market participants, and improving risk-management and due-diligence practices at respondent banks.

The roundtable on asset management activities focused on recent developments in market liquidity conditions and factors that are expected to affect the supply and demand for market liquidity, implications for Emerging Market and Developing Economies (EMDEs) and the appropriate balance between institutional resilience and support for the functioning of markets.

The FSB RCG for the Americas is co-chaired by Carolyn Wilkins, Senior Deputy Governor, Bank of Canada and DeLisle Worrell, Governor, Central Bank of Barbados. Membership includes financial authorities from Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Uruguay and the United States of America.

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.^{1,2}

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 www.fsb.org/publications/r_120809.pdf

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.