

## Press release

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### **FSB reports to G20 on progress of financial regulatory reforms**

The Chairman of the Financial Stability Board (FSB) reported to the G20 Finance Ministers and Central Bank Governors today on progress in the financial regulatory reform programme.

In connection with this, the FSB is publishing today:

- a [letter by the FSB Chair to the G20](#), sent ahead of their meeting, reporting on the progress being made in financial reforms, including in the following priority areas:
  - building resilient financial institutions;
  - improving resolution regimes and, more generally, working to end “too big to fail”;
  - creating continuous core markets by completing over-the-counter (OTC) derivatives and related reforms;
  - strengthening the oversight and regulation of shadow banking; and
  - reforming the setting of interbank and other financial benchmark rates.

The letter also summarises other aspects of the FSB’s current work, including its work to eliminate mechanistic reliance on credit rating agency ratings, its contribution to the G20 Study Group work on long-term investment financing, and its continuing programme of rigorous monitoring of the implementation of reforms.

- a [progress report on reforming resolution regimes and resolution planning for globally systemically important financial institutions \(G-SIFIs\)](#). The report recognises that authorities have made continued efforts to develop resolution strategies and operational plans for all G-SIFIs and to introduce resolution powers and tools consistent with the *Key Attributes of Effective Resolution Regimes for Financial Institutions* endorsed by the G20 at Cannes. However, further legislative measures are necessary to implement the Key Attributes fully and to put in place the powers and arrangements for cross-border cooperation and recognition of resolution measures needed to make resolution strategies and plans operational.

At today’s meeting the G20 Finance Ministers and Central Bank Governors supported the FSB’s work programme. In their communique:

- They welcomed the assessments by the Basel Committee on Banking Supervision of consistency of jurisdictions’ regulations with its framework and looked forward to further progress on ensuring the conformity of the regulations with the Basel III text.

- They stated that they will undertake the necessary legislative steps to implement resolution powers and tools consistent with the FSB's *Key Attributes*, including the legal basis for cross-border cooperation and coordination.
- They noted the progress in implementation of OTC regulatory reforms and committed to complete the remaining legislative and regulatory frameworks for these reforms.
- They welcomed the work of the Bank for International Settlements and the International Organization of Securities Commissions to improve the oversight and governance frameworks for financial benchmarks, and called on the FSB to coordinate and guide work on the necessary reforms to short-term interest rate benchmarks and to report in July on progress towards oversight and governance frameworks for financial benchmark reform for consideration at the Summit.

### **Notes to editors**

The FSB is responsible for coordinating and promoting the monitoring of the implementation of agreed financial reforms and for reporting on it to the G20. The FSB, in collaboration with standard-setting bodies, has established a [framework](#) to effectively coordinate this process. The framework highlights priority areas that will undergo more intensive monitoring and detailed reporting given their importance for global financial stability. These areas are: Basel II/2.5/III; OTC derivatives market reforms; compensation practices; policy measures for G-SIFIs; resolution regimes; and shadow banking. The list of priority areas is updated annually in light of international policy developments, while reporting on national progress in each area is published on a regular basis once implementation is sufficiently underway.

In addition to the reports published today, implementation monitoring documents on the following three priority areas were published in advance of the G20 meeting:

- A [Basel Committee report](#) on progress in the adoption of the Basel III regulatory reforms. The report notes that 14 member jurisdictions have issued final Basel III-based capital regulations, and that 11 of them now have final Basel III capital rules in force. The remaining 13 jurisdictions that missed the 1 January 2013 deadline for issuing final regulations have published their draft regulations. The report calls on these jurisdictions, particularly those that are home to global systemically important banks, to complete the issuance of final Basel III regulations expeditiously and to align their implementation with the internationally agreed transition period deadlines.
- The [fifth FSB progress report](#) on the implementation of OTC derivatives market reforms. The report found that, while progress has been made toward meeting the G20 commitments through international policy development, adoption of legislation and regulation, and expansion of infrastructure, no jurisdiction had fully implemented requirements by end-2012. Less than half of the FSB member jurisdictions currently have legislative and regulatory frameworks in place to implement the G20 commitments and there remains significant scope for increases in trade reporting, central clearing, and exchange and electronic platform trading in global OTC derivatives markets.
- The first FSB [peer review report on resolution regimes](#). The review found that the implementation of the FSB [Key Attributes for Effective Resolution Regimes for Financial Institutions](#) is still at an early stage, and identifies a number of areas where further enhancement of resolution regimes by national authorities or additional guidance by the FSB is needed to fully and consistently implement the *Key Attributes*.

The FSB, in collaboration with standard-setting bodies, will continue to rigorously monitor and report on the implementation of agreed financial reforms to the G20.

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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 Canada. 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.financialstabilityboard.org](http://www.financialstabilityboard.org).