

Press release

Press enquiries:
Basel +41 76 350 8430
press@bis.org

Ref no: 47/2013

16 July 2013

FSB releases guidance papers on recovery and resolution planning

The Financial Stability Board (FSB) has today published three guidance papers to assist authorities and firms in implementing the recovery and resolution planning requirements under the *Key Attributes of Effective Resolution Regimes for Financial Institutions* ('the *Key Attributes*') endorsed by the G20 at Cannes:

- (1) [Guidance on Developing Effective Resolution Strategies](#);
- (2) [Guidance on Identification of Critical Functions and Critical Shared Services](#); and
- (3) [Guidance on Recovery Triggers and Stress Scenarios](#).

The guidance was issued for [public consultation](#) in November 2012 and has been revised in light of the [comments received](#) during that consultation. Respondents generally supported the overall direction of the draft guidance, but sought more clarity on the considerations and pre-conditions for the development and successful implementation of effective resolution strategies. See [overview of responses](#) to the public consultation.

Recovery and resolution planning is part of the set of [policy measures to address systemically important financial institutions](#) that was endorsed by the G20 in November 2011 to address the problem of firms that are "too big to fail". It is required for all global systemically important financial institutions (G-SIFIs) and for any other firm assessed by national authorities as potentially having an impact on financial stability in the event of its failure. Effective recovery and resolution planning and the development of credible resolution strategies for large, cross-border firms are essential for reducing the moral hazard associated with such firms.

Christine Cumming, First Vice President of the Federal Reserve Bank of New York and Chair of the FSB Cross-border Crisis Management Group noted that: "Within the FSB and within individual Crisis Management Groups, we have advanced our thinking on the development of effective resolution strategies and the identification of conditions relating to firms' legal, operational and financial structures and their effect on resolvability. Considerable progress has been made in this regard, and authorities have further benefited from the public comments received. The guidance notes reflect the experience of FSB members to date."

Paul Tucker, Deputy Governor of the Bank of England and Chair of the FSB Resolution Steering Group, noted that: "Today's publication marks a further important step towards making the largest, most complex financial firms resolvable without taxpayer solvency support. Key jurisdictions are well on the way to having the necessary legislative regimes in place. Resolution strategies are being framed in line with the FSB's Guidance Papers. Next steps will need to include regulatory measures to remove impediments, and changes to firms' financial or organisational structure where necessary."

Notes to editors

The *Key Attributes of Effective Resolution Regimes for Financial Institutions* are the international standard for resolution regimes for financial institutions. They are a key component of the FSB's policy framework to address the moral hazard and systemic risks associated with institution that are "too big to fail". They were released by the FSB in November 2011 following their endorsement by G20 Leaders at the Cannes Summit. See http://www.financialstabilityboard.org/publications/r_111104cc.pdf.

The FSB first published a list of global systemically important financial institutions (G-SIFIs) in November 2011. The [2012 update](#) to that list contains 28 institutions, all of which are banking groups.

The FSB also released on 19 April 2013 a [Progress Report](#) which outlines more generally the progress in implementing the *Key Attributes*.

The FSB Resolution Steering Group leads the FSB's work on resolution and resolution planning and developed the *Key Attributes*.

The FSB Cross-border Crisis Management Group brings together representatives from CMGs and conducts work on guidance to support the resolution planning work within CMGs.

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 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.