

Press release

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Fifth Meeting of the Financial Stability Board Regional Consultative Group for Asia

Today, the Financial Services Agency of Japan hosted the fifth meeting of the Financial Stability Board (FSB) Regional Consultative Group for Asia in Tokyo, Japan.

At their meeting today, members of the FSB Regional Consultative Group for Asia (RCGA) reviewed the FSB's policy priorities and work plan. This was followed by a discussion of the shadow banking system in Asia. Members considered the FSB's high level policy framework for strengthened oversight of shadow banking relevant for the region. They noted that shadow banking activities differ across countries and hence the need for proportionality in the regulatory response, taking into account national circumstances and regulations in place. Also from an Asian perspective, members considered the impact on the region of the framework for, and requirements applicable to, systemically important financial institutions (SIFIs). Members noted the benefits from greater institutional resilience, strengthened supervision and improved resolvability of global systemically important banks. They also noted the possibility of some deleveraging and discussed policies that could be implemented to mitigate such impacts were they to arise.

In the context of other financial regulatory reforms and their impact on Asia, members discussed: (1) the progress and challenges in the implementation of reform to over-the-counter derivatives market; (2) efforts underway to reduce the mechanistic reliance on credit ratings and to strengthen oversight of credit rating agencies; and (3) the governance and oversight of financial benchmarks. They underscored the importance of international and regional regulatory co-operation and co-ordination in these areas and, with regard to OTC derivatives reforms, the need for international discussion of the implementation issues for smaller economies and emerging markets.

Members also discussed vulnerabilities and regional financial stability issues, including the potential impact on Asia of a reduction in quantitative easing programmes underway by a number of central banks.

The FSB Regional Consultative Group for Asia is co-chaired by Mr Masamichi Kono, Vice Commissioner for International Affairs at the Financial Services Agency of Japan and Mr Amando Tetangco, Governor, Bangko Sentral ng Pilipinas. Membership includes financial authorities from Australia, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. The list of members of the Regional Consultative Group for Asia is available at: <http://www.financialstabilityboard.org/about/rcgasia.pdf>.

Notes to editors

The FSB Charter stipulates that the FSB “should consult widely amongst its Members and with other stakeholders including private sector and non-member authorities. This process shall include engaging with the FSB Regional Consultative Groups and include an outreach to countries not included in the Regional Consultative Groups”.¹ At the Toronto Summit in June 2010, the G20 Leaders endorsed such a process by calling on the FSB “to expand upon and formalize its outreach activities beyond the membership of the G20 to reflect the global nature of our financial system”.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 the six regional groups, the FSB will be able to develop global financial policy initiatives through a more inclusive process.

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.financialstabilityboard.org.

¹ See http://www.financialstabilityboard.org/publications/r_120809.pdf

² See <http://canadainternational.gc.ca/g20/summit-sommet/2010/toronto-declaration-toronto.aspx?lang=eng>