

Press release

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FSB publishes Standards and Processes for Global Securities Financing Data Collection and Aggregation

The Financial Stability Board (FSB) published today its report [Standards and Processes for Global Securities Financing Data Collection and Aggregation](#).

Securities financing transactions such as securities lending and repurchase agreements (repos) play a crucial role in supporting price discovery and secondary market liquidity for a wide variety of securities. However, such transactions can also be used to take on leverage as well as maturity and liquidity mismatched exposures.

Enhanced data collection on securities financing markets is needed for authorities to obtain a more timely and comprehensive perspective on developments in these markets and detect financial stability risks. This data will be useful for the implementation of the FSB's [Regulatory framework for haircuts on non-centrally cleared securities financing transactions](#). The data will also serve the needs of a wide range of market participants and the economy, increasing the transparency of these markets.

The finalised standards and processes define the data elements for repos, securities lending and margin lending that national/regional authorities will be asked to report as aggregates to the FSB for financial stability purposes. The standards and processes describe data architecture issues related to the data collection and transmission from the reporting entity to the national/regional authority and then from the national/regional to the global level. To ensure consistency and to derive meaningful global aggregates, six recommendations to national/regional authorities are set out. Furthermore, the potential uses of the aggregated data are discussed and the next steps for the completion of the initiative, including a timeline for the implementation of the standards and processes, are outlined.

The FSB will start working on the detailed operational arrangements with a view to initiating the official global data collection and aggregation at the end of 2018. The Bank for International Settlements, leveraging on its expertise in managing international banking and financial statistics, has agreed to provide the operational support for the collection and potential dissemination of aggregated securities financing data.

A [consultative version](#) of the standards and processes was published in November 2014. In finalising the standards and processes, the FSB worked closely with market participants and would like to thank those who have taken the time and effort to share their views. The FSB plans to continue such collaboration in implementing the global securities financing data collection.

Notes to editors

In response to the G20 Leaders' request at the Seoul Summit in 2010, the FSB has been coordinating and contributing to the development of policies to strengthen oversight and regulation of shadow banking, with a focus on measures that seek:

- (i) to mitigate risks in banks' interactions with shadow banking entities;
- (ii) to reduce the susceptibility of money market funds to "runs";
- (iii) to improve transparency and align the incentives in securitisation;
- (iv) to dampen procyclicality and other financial stability risks in securities financing transactions such as repos and securities lending; and
- (v) to assess and mitigate financial stability risks posed by other shadow banking entities and activities.

The "shadow banking system" can broadly be described as "credit intermediation involving entities and activities (fully or partially) outside the regular banking system" or non-bank credit intermediation in short. Such intermediation, appropriately conducted, provides a valuable alternative to bank funding that supports real economic activity. But experience from the crisis demonstrates the capacity for some non-bank entities and transactions to operate on a large scale in ways that create bank-like risks to financial stability (longer-term credit extension based on short-term funding and leverage). Such risk creation may take place at an entity level but it can also form part of a chain of transactions, in which leverage and maturity transformation occur in stages, and in ways that create multiple forms of feedback into the regular banking system.

The finalised standards and processes published today are based on the policy recommendations set out in the August 2013 FSB report [Policy Framework for Addressing Shadow Banking Risks in Securities Lending and Repos](#) (ref. (iv) above). On 12 November 2015, as a part of the Policy Framework, the FSB published [Regulatory framework for haircuts on non-centrally cleared securities financing transactions](#) (see the [Press Release](#)).

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. For further information on the FSB, visit the FSB website, www.fsb.org.