FINANCIAL STABILITY BOARD

Press release

Press enquiries:
+41 61 280 8138
Joe.Perry@fsb.org

Ref: 18/2019
3 June 2019

FSB publicly consults on resolution-related disclosures and on the operationalisation of bank recovery and resolution

The Financial Stability Board (FSB) today published for public consultation two discussion papers that consider measures to improve the resolvability of global systemically important banks (G-SIBs).

Following the global financial crisis the FSB has led international efforts to address the risk that major financial institutions are too-big-to-fail. The adoption of the FSB's *Key Attributes of Effective Resolution Regimes for Financial Institutions* as the international standard for recovery and resolution of financial institutions and its implementation across FSB jurisdictions are core to this initiative.

Effective resolution rests on the credibility of authorities' and firms' resolution planning and operational readiness for handling a resolution. The FSB's discussion papers focus on resolution-related public disclosures that strengthen the credibility of resolution planning; and on measures to ensure the effective operationalisation of a solvent-wind down of derivatives portfolios as recovery or resolution measure.

Public Disclosure of Resolution Planning and Resolvability

Transparency with respect to resolution planning and resolvability should help promote the credibility of the FSB and G20 policy framework for addressing the moral hazard risk posed by systemically important financial institutions.

The FSB's discussion paper explores how general and firm-specific disclosures on resolution planning and resolvability could be further enhanced, focusing mainly on disclosures of resolution planning for G-SIBs. However, many of the disclosure approaches discussed are also relevant for domestic systemically important banks and other firms subject to a resolution planning requirement.

Solvent Wind-down of Derivatives and Trading Portfolios

Many G-SIBs have large derivative and trading portfolios, including in some cases with illiquid or exotic positions. A disorderly close-out of these portfolios can potentially propagate substantial risks to financial stability. Given the global presence of some G-SIBs and the cross-border nature of many of these portfolios (including the intra-group transactions arising from firms' booking models) such financial stability risks could spread across borders.

This discussion paper sets out considerations related to the solvent wind-down of the derivative and trading book activities of a G-SIB that may be relevant for authorities and firms for both recovery and resolution planning.

Responses to the discussion papers should be sent to fsb@fsb.org by Friday 2 August. Consultation responses will be considered to determine whether the development of further guidance would be useful. Responses to the consultation will be published on the FSB's website unless respondents expressly request otherwise.

Notes to editors

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes 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 approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President, De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

The FSB is also currently seeking feedback from stakeholders as part of its evaluation on the effects of the too-big-to-fail reforms that were agreed by the G20 in the aftermath of the global financial crisis.

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