

Press release

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FSB Chair outlines work on recent banking turmoil and to finalise crypto-asset recommendations

- ***Chair warns of challenging outlook for the global financial system.***
- ***The FSB has reprioritised its work to focus on lessons learned from recent banking-sector turmoil, including lessons for the effective implementation of the international resolution framework, the interaction between interest rate and liquidity risk and the role of technology and social media.***
- ***The FSB will issue next Monday its finalised recommendations for the regulation, supervision and oversight of crypto-assets and markets, and of global stablecoin arrangements. Attention will then turn to their full and effective implementation globally to avoid a fragmented regulatory system.***

The Financial Stability Board (FSB) today published a [letter from its Chair, Klaas Knot, to G20 Finance Ministers and Central Bank Governors](#), ahead of their meeting on 17-18 July.

The global financial system continues to face a challenging outlook. With most major economies having transitioned out of a low interest rate environment amid ongoing inflation concerns, the prospect of more muted economic growth and further bouts of financial market volatility looms large.

The FSB and other standard setting bodies (SSBs) are working together closely to draw out lessons from the recent banking-sector turmoil. The FSB has reprioritised its work programme, including with an additional focus on the interactions between interest rate and liquidity risk across the financial system, the role of technology and social media in deposit runs and lessons for the effective implementation of the international resolution framework. The work will yield new insights across both banks and non-banks.

Developing a global regulatory framework to address the vulnerabilities in crypto-asset markets and activities has been a key priority of the FSB. The finalisation of the recommendations for the regulation, supervision and oversight both of crypto-assets and markets, and of global stablecoin arrangements, is an important milestone. The FSB is delivering these recommendations to the G20 for its meeting. Attention must now turn to the full and effective implementation of the recommendations globally to avoid a fragmented system that would allow crypto-asset activities to flow to areas where regulation is less stringent. The FSB has been working closely with the SSBs to ensure that the work underway on the monitoring and regulation of crypto-asset activities and markets is coordinated and

mutually supportive. The reports to be delivered to the G20 next week will include a shared workplan that the FSB and the SSBs have developed for 2023 and beyond, through which the FSB will continue to coordinate work. In addition, to provide a coordinated and comprehensive policy approach to the policy issues raised by crypto-assets, the FSB and International Monetary Fund (IMF) will deliver a joint paper to the G20 in September, synthesising the policy findings from IMF work on macroeconomic and monetary issues and FSB work on supervisory and regulatory issues.

The FSB's work to enhance the resilience of the non-bank financial intermediation (NBFI) sector remains as important as before. The FSB issued last week a public consultation on revisions to its 2017 recommendations to address vulnerabilities from liquidity mismatch in open-ended funds. Other policy work includes enhancing market participants' liquidity preparedness for margin and collateral calls in centrally and non-centrally cleared markets in order to reduce procyclical behaviour during times of market-wide stress. A progress report on the FSB's work programme to enhance the resilience of the NBFI sector, which will include an updated programme for future work, will be sent to G20 Leaders in September.

The FSB's policy toolkit for enhancing third-party risk management and oversight, published for consultation last month, aims to reduce fragmentation in regulatory and supervisory approaches across jurisdictions and sectors, and strengthen financial institutions' ability to manage third-party risks. The proposed toolkit has been submitted to this G20 meeting and will be highlighted during a panel discussion on policy issues relating to third-party risk management. The finalised toolkit will be published later this year following the public consultation.

Progress has been steady across all four blocks of the FSB's Roadmap to address climate-related financial risks. The FSB is delivering to the G20 an updated Roadmap, which will be published on 13 July. The FSB welcomes the recent publication of the International Sustainability Standards Board's final standards, which will serve as a global framework for sustainability disclosures and, when implemented, will enable disclosures by different companies around the world to be made on a common basis. While progress on the Roadmap is being made, the report flags the need to further develop climate-related data in order to support forward-looking climate risk assessments. Further work is also needed to embed climate scenario analysis into the monitoring of financial vulnerabilities and to better understand the cross-border and cross-sectoral transmission of climate shocks.

Notes to editors

On 22 June, the FSB published a consultative report [Enhancing Third-Party Risk Management and Oversight: A toolkit for financial institutions and financial authorities](#). The FSB is inviting comments on this consultative document by 22 August. The FSB is also holding a [virtual outreach event](#) for stakeholders on 21 July 2023 at 13:00-15:00 CEST.

On 5 July, the FSB published a [consultation report on addressing structural vulnerabilities from liquidity mismatch in open-ended funds](#). The report proposes revisions to the FSB's 2017 *Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities*. The proposals form part of the FSB's work programme on NBFI and should be read in conjunction with the International Organization of Securities Commissions (IOSCO)'s [consultation report providing guidance on anti-dilution liquidity management tools](#)).

Responses to the consultation report should be sent by 4 September 2023. The final report will be published in late 2023.

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 Klaas Knot, President of De Nederlandsche Bank. The FSB 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.