

Press release

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Ref: 40/2024
18 December 2024

FSB consults on recommendations to address financial stability risks arising from leverage in non-bank financial intermediation

- ***Proposed policy recommendations aim to enhance the ability of authorities and market participants to identify, monitor and contain financial stability risks associated with leverage in non-bank financial intermediation (NBFI).***
- ***Proposed recommendations call for authorities to address financial stability risks from NBFI leverage in core financial markets; ensure sufficient counterparty credit risk management by leverage providers; and determine whether and how to address any inconsistencies in regulatory treatment.***
- ***The FSB and standard-setting bodies (SSBs) will undertake further work to support and assist authorities in applying the recommendations, including developing guidance where appropriate.***

The Financial Stability Board (FSB) today published a [consultation report on leverage in non-bank financial intermediation](#) (NBFI). The proposed policy recommendations are addressed to FSB member authorities and SSBs. They aim to enhance the ability of authorities and market participants to monitor vulnerabilities from NBFI leverage, contain NBFI leverage where it may create risks to financial stability, and mitigate the impact of these risks. The recommendations build on the 2023 FSB report on [The Financial Stability Implications of Leverage in Non-Bank Financial Intermediation](#), which found that NBFI leverage played a significant role in recent episodes of market stress.

The nine policy recommendations cover:

- risk identification and monitoring, supported by a suite of risk metrics, and work to assess and address data challenges;
- measures to address financial stability risks related to NBFI leverage in core financial markets, including measures that affect specific activities, types of entities, and concentration-related risks;
- counterparty credit risk management and private disclosure;

- addressing inconsistencies by adopting the principle of “same risk, same regulatory treatment”; and
- enhancing cross-border cooperation and collaboration.

Entities in scope are non-bank financial firms that use leverage, either financial or synthetic, including hedge funds, other leveraged investment funds, pension funds, and insurance companies. Where relevant, banks and broker-dealers are also in scope in their role as leverage providers.

The FSB notes that market structures, legal frameworks, and financial stability risks related to leverage vary across jurisdictions. The report outlines general principles for the selection, design, and calibration of policy measures, noting that, in many cases, combinations of the policy measures outlined may be most effective in addressing financial stability risks arising from NBFIs leverage.

The FSB is inviting comments on this consultation report and the questions set out within it. Responses should be submitted via this [secure online form](#) by 28 February 2025. All responses will be published on the FSB website unless respondents request otherwise. The final report will be published in mid-2025.

Notes to editors

The proposed policy recommendations complement the FSB’s recommendations to enhance the liquidity preparedness of non-bank market participants for margin and collateral calls during times of market-wide stress, as well as the work of the SSBs, such as the Basel Committee on Banking Supervision (BCBS) work on counterparty credit risk management and the joint work by the BCBS, the Bank for International Settlements’ Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) on margining practices.

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.