

Press release

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FSB notes significant progress in strengthening the regulation and supervision of investment funds in Brazil

- ***Peer review finds Brazilian authorities have taken significant steps to strengthen the regulation and supervision of investment funds.***
- ***Review recommends further work to improve authorities' ability to monitor vulnerabilities associated with investment funds' activities.***

The Financial Stability Board (FSB) today published its [Peer Review of Brazil](#). The review follows up on the findings and recommendations from Brazil's first FSB peer review in 2017 and examines subsequent developments in: authorities' approach to monitoring vulnerabilities in investment funds; regulatory and supervisory measures to manage identified vulnerabilities and the linkages with banks; and institutional arrangements for supervising investment funds in Brazil.

The review finds that Brazilian authorities have taken significant steps to modernise and strengthen the regulation and supervision of investment funds. Measures have been introduced to limit leverage and expand the availability of tools for the management of liquidity.

The review notes further steps can be taken to continue to improve authorities' ability to monitor vulnerabilities associated with investment funds' activities. This includes continuing to enhance the system-wide monitoring of financial stability risks and market developments that may affect leverage and liquidity mismatch and updating the regulatory framework as appropriate.

Ryozo Himino, Chair of the FSB's Standing Committee on Standards Implementation (SCSI) that oversaw the preparation of the peer review said: "The introduction of the new regulation for the investment funds sector is timely given the growth and importance of the sector to Brazil. The Brazilian authorities have made significant progress since the last FSB peer review to strengthen the regulation concerning leverage and liquidity risks. This report provides a reference point to other jurisdictions with similar challenges."

Notes to editors

FSB member jurisdictions have committed to undergo periodic peer reviews to evaluate their adherence to international financial standards. To fulfil this responsibility, the FSB has established a regular programme of country and thematic peer reviews of its member

jurisdictions. As part of this commitment, Brazil volunteered to undergo a peer review in 2023-2024.

The peer review report was prepared by a team of experts from FSB member institutions and chaired by María José Gómez Yubero from Spain's Comisión Nacional del Mercado de Valores. The analysis and conclusions of this peer review are based on the responses to a questionnaire by financial authorities in Brazil and reflect information on the progress of relevant reforms as of July 2024. The review has also benefited from dialogue with the Brazilian authorities as well as discussion in the FSB's Standing Committee on Standards Implementation.

A schedule of country peer reviews, as well as all completed peer review reports, are available on the [FSB website](#).

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.