

## Press release

Press enquiries:  
+41 61 280 8477  
[press@fsb.org](mailto:press@fsb.org)

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### FSB Plenary meets in Toronto

The Financial Stability Board (FSB) Plenary met today in Toronto. The Plenary discussed follow-up work to the lessons learned from the banking sector turmoil and the outlook for global financial stability, as well as the FSB's deliverables to the July G20 Finance Ministers and Central Bank Governors meeting.

#### Financial stability outlook

Members discussed recent developments and implications for the financial stability outlook. Although there has been some improvement in the macroeconomic outlook, there are still a number of vulnerabilities in the financial system that require close monitoring. Some asset prices appear to have high valuations, bringing the risk of a sharp correction in the event of a large shock. Members are closely monitoring developments in commercial real estate markets. Market interest rates remain at higher levels than in recent years in a number of jurisdictions. Members noted vulnerabilities and uncertainties in private finance as well as concerns about leverage in non-bank financial institutions. A high-for-long environment could add to debt servicing pressures for borrowers, including more highly indebted companies and households that would need to rollover their financing at higher rates. The challenges arising from the high level of public debt globally and geopolitical uncertainties were also discussed.

#### Lessons from the March 2023 banking turmoil

The FSB's [review of lessons from the 2023 bank failures](#), published in October 2023, confirmed the soundness of the international framework provided by the FSB Key Attributes of Effective Resolution Regimes. It also highlighted areas that deserve further attention to ensure effective implementation of the framework.

The Plenary discussed the progress made on the key international work following up on the March 2023 turmoil, including work on public sector backstop funding mechanisms as a last resort; examining interest rate and liquidity risk in the financial system; and exploring vulnerabilities associated with depositor behaviour in light of new technologies and social media.

Members look forward to the completion of this work and will build on this next year by drawing together a holistic view on liquidity risk.

## Non-bank financial intermediation (NBFi)

The FSB is pursuing a comprehensive work programme to enhance the resilience of non-bank financial intermediation, in coordination with other standard-setting bodies (SSBs). The Plenary discussed progress and next steps for this work.

In 2013, the FSB developed an overall framework to strengthen the oversight and regulation of NBFi, including recommendations with respect to securitisation. The Plenary reviewed the FSB's draft public consultation report on its evaluation of the effects of the G20 financial regulatory reforms on securitisation. The evaluation assesses the extent to which securitisation reforms implemented to date have achieved their financial stability objectives and examines the implications for financing to the real economy. The FSB will launch its public consultation in July and encourages responses.

As part of its NBFi work programme, the FSB is also working on policies to enhance the monitoring of, and to address financial stability risks stemming from, leverage in NBFi, and to enhance the liquidity preparedness of non-bank market participants for margin and collateral calls.

The Plenary also discussed the importance for policy-making of good data quality and availability. Members discussed the value of a data pilot programme to identify and close data gaps for monitoring key open-ended fund vulnerabilities related to liquidity mismatch and discussed how to address other identified data gaps.

The FSB will deliver a report detailing progress on the overall NBFi work programme to the G20 in July.

## Implementation of the FSB's global regulatory framework for crypto-asset activities

The Plenary welcomed the progress made in implementing the FSB's [July 2023 recommendations for addressing financial stability risks relating to crypto-assets](#). The FSB will continue to closely monitor implementation, not only in FSB member jurisdictions but also in jurisdictions beyond the FSB. Given the particularly acute risk of regulatory arbitrage in the crypto space, broad global implementation is crucial.

Members discussed recent developments in crypto-asset markets and areas that warrant further attention. In emerging market and developing economies (EMDEs), crypto-assets pose particular challenges for monetary policy and capital flow management. Members discussed the challenges posed by the relatively higher levels of adoption and risks of global stablecoin arrangements in EMDEs. The FSB will undertake further work to consider how these challenges can be addressed.

## Nature-related risks

G20 Finance Ministers and Central Bank Governors asked the FSB to carry out a stocktake on participating members' initiatives concerning financial risks related to nature degradation and biodiversity loss. The Plenary discussed the FSB's draft stocktake on supervisory and regulatory initiatives related to nature-related financial risks. As well as supervisory and

regulatory initiatives, the report provides an overview of members' analytical work, and members discussed whether and to what extent the degradation of nature and the loss of biodiversity represent a financial risk. The Plenary looks forward to the publication of the report and delivery to the G20 in July.

## Notes to editors

The FSB published in November 2020 a *Holistic Review of the March Market Turmoil*, which lays out a comprehensive and ambitious work programme for strengthening the resilience of the NBFIs sector while preserving its benefits. This work is being carried out within the FSB as well as by its member standard-setting bodies and international organisations, to ensure that relevant experiences and perspectives are brought to bear.

In August 2023, the FSB published a Summary Terms of Reference on its evaluation on the effects of G20 reforms on securitisation. The summary terms of reference provide more details on the objectives, scope and process for this evaluation.

The FSB launched a public consultation on liquidity preparedness for margin and collateral calls in April. The comment period ends on Tuesday 18 June.

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](http://www.fsb.org).