

Press release

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FSB consults on an Assessment Methodology for the Key Attributes of Effective Resolution Regimes

Solving the “too big to fail” problem requires effective and credible resolution regimes. The Key Attributes of Effective Resolution Regimes for Financial Institutions (“Key Attributes”), which were endorsed by the G20 in November 2011, set out the responsibilities, instruments and powers that resolution regimes should have for all parts of the financial sector that could cause systemic problems. As an international standard, G20 jurisdictions have publicly committed to implement them.

A set of criteria to assess jurisdictions’ compliance with the Key Attributes

Compliance with the international standard will be monitored and assessed, supported by a set of assessment criteria. The Financial Stability Board (FSB) is therefore today launching a [public consultation on an Assessment Methodology for the Key Attributes](#). The FSB developed the draft methodology with the involvement of the IMF and the World Bank and the standard-setting bodies. As well as facilitating objective and consistent assessments of jurisdictions’ compliance with the new international standard, the methodology can also assist jurisdictions in their legislative reforms to implement the Key Attributes. The methodology consists of a set of assessment criteria for each Key Attribute and also includes examples and explanations to guide the interpretation of the Key Attributes.

Application across all jurisdictions and financial sectors

Jurisdictions need to have resolution regimes in place that are capable of managing the failure in all parts of the financial sector that could cause systemic problems. The methodology has been developed as a single comprehensive document with assessment criteria for all sectors, including financial market infrastructure, as well as sector-specific criteria. It also guides assessors to take into account the structure and complexity, and the overall level of development of a jurisdiction’s financial system.

Paul Tucker, Deputy Governor of the Bank of England and Chair of the FSB Resolution Steering Group, said: “To cope with the failure in its jurisdiction of systemic financial institutions without reliance on taxpayer solvency support, every jurisdiction requires a resolution regime consistent with the Key Attributes. That entails having powers and arrangements for proper cross-border cooperation, including recognition of foreign resolution measures. IMF and World Bank’s assessments of standards and codes can be effective in promoting reforms to strengthen financial systems. By promoting consistent implementation

of the Key Attributes globally and providing for formal and rigorous assessment of national resolution regimes, the development of the assessment methodology is another important step towards curing the “too big to fail” problem”.

Comments and responses

The FSB welcomes comments and responses to the questions raised in the consultative document by **Thursday, 31 October 2013**. Responses should be sent to fsb@bis.org. Responses will be published on the FSB website unless respondents expressly request otherwise.

Notes to editors

The [Key Attributes of Effective Resolution Regimes for Financial Institutions](#) (“*Key Attributes*”) are the international standard for resolution regimes for financial institutions. They are a key component of the FSB’ policy framework to address the moral hazard risks associated with systemically important financial institutions. They were released by the FSB in November 2011 following their endorsement by G20 Leaders at the Cannes Summit.

The *Key Attributes* are an ‘umbrella’ standard for resolution regimes for all types of financial institutions that are potentially systemically significant or critical in failure. On 12 August, the FSB launched a public consultation on the application of the *Key Attributes* to [non-bank financial institutions](#). The proposed guidance is designed to assist jurisdictions and authorities in implementing the *Key Attributes* with respect to resolution regimes for FMI (including central counterparties (CCPs), central securities depositories and securities settlement systems), insurers and firms with holdings of client assets.

On 11 April 2013, the FSB released a [Peer Review Report](#) that evaluates FSB jurisdictions’ resolution regimes a using the *Key Attributes* as a benchmark. The review found that implementation of the *Key Attributes*, however, is still at an early stage and legislative action is necessary to fully align resolution regimes in FSB jurisdictions to that standard.

The FSB also released on 19 April 2013 a [Progress Report](#) which outlines more generally the progress in implementing the *Key Attributes* and resolution planning for G-SIFIs.

The FSB Resolution Steering Group leads the FSB’s work on resolution and resolution planning and developed the *Key Attributes*.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote 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 is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland and hosted by the Bank for International Settlements.