

FSB work programme for 2019

The FSB's work priorities are designed to promote global financial stability. Vigilant monitoring to identify, assess and address new and emerging risks to financial stability lies at the heart of the FSB's activities and informs all of its other activities. Another key FSB activity will be evaluating the effectiveness and efficiency of reforms that have been implemented over the last decade to ensure that the intended benefits are being achieved, and taking action to address any unintended consequences.

This note summarises ongoing and planned initiatives in 2019 in these main areas of FSB work.¹ Bullet points indicate main FSB publications scheduled for this year. Deliverables to the G20 during the 2019 Japanese Presidency are marked with an asterisk. The Annex Table provides an indicative timeline of the FSB publications planned for 2019.

Addressing new and emerging vulnerabilities in the financial system

Preserving financial stability, and thereby supporting sustainable growth, requires the continued monitoring of developments in the global financial system. The FSB continues to scan the horizon to identify and assess emerging risks through regular discussion by its members of macro-financial developments, as well as through the biannual Early Warning Exercise conducted jointly with the International Monetary Fund (IMF). The FSB will also continue to assess the impact of evolving market structures and of technological innovation on global financial stability. This includes the resilience of financial markets in stress, the implications of the growth of non-bank financial intermediation and operational issues such as cyber risks.

Assessment of vulnerabilities. The FSB Plenary will continue to assess vulnerabilities in the global financial system on a regular basis, with a continued focus on the financial stability implications of rising interest rates against the backdrop of elevated debt levels. The assessments will be informed by the work of the Standing Committee on the Assessment of Vulnerabilities (SCAV).

FinTech. The digitalisation of finance has the potential to significantly change the current functioning of the global financial system, which raises a number of possible benefits and risks. The FSB will continue to monitor digitalisation trends, to assist in harnessing the benefits while mitigating risks. This includes the regular monitoring of the financial stability implications of

¹ Information on the FSB's key activities during the past year is provided in the [2017/18 Annual Report](#). The [fourth annual report on the implementation and effects of the G20 financial regulatory reforms](#), published in November 2018, discusses the progress made in the reform agenda as the FSB pivots towards implementation and rigorous evaluation.

crypto-assets and a discussion of supervisory and regulatory approaches to crypto-assets and potential regulatory gaps in this area. Moreover, the FSB's Financial Innovation Network will further analyse the financial stability implications of technological innovation, such as the entry of large technology firms into finance and third-party dependencies from technology, as well as the financial stability implications of decentralised financial technologies.

- Report on FinTech and market structure in financial services
- Directory of crypto-asset regulators, which lists the regulator(s) responsible for each aspect of crypto-asset regulation*
- Report on the financial stability implications of decentralised financial technologies*

Cyber resilience. In the digital age, cyber incidents are one potential threat to the financial system. The FSB will contribute to work to enhance cyber resilience. Building on the 2017 stocktake of regulatory and supervisory cyber security practices, the Standing Committee on Supervisory and Regulatory Cooperation (SRC) will work to identify, assess and report on best practices relating to a financial institution's response to, and recovery from, a cyber incident. SCAV will continue to analyse the systemic consequences of operational and cyber incidents.

- Progress report on the development of effective practices for cyber incident response and recovery*

Non-bank financial intermediation. The shift toward non-bank financing represents a welcome increase in diversity of the sources of finance supporting economic activity and is therefore in line with the G20 reform objectives, provided that such financing is resilient. The FSB continues to monitor and assess the growth of non-bank financing and risks in this area through its annual Global Non-Bank Financial Intermediation Monitoring Report.

- Annual Global Monitoring Report on Non-Bank Financial Intermediation

Accounting and audit. The FSB continues to encourage consistent application and auditing of accounting standards and enhanced audit quality. Building on previous dialogues, the 2019 Roundtable on External Audit will continue to provide a dedicated platform for public authorities and audit regulators to discuss the implications of existing audit market structures, and to exchange views with the major global accounting networks on issues that are of significance to audit quality.

Finalising and operationalising post-crisis reforms

G20 post-crisis financial reforms have delivered a safer, simpler and fairer financial system. To reinforce this progress, the FSB is working with standard-setting bodies (SSBs) to complete work on a few final issues in the main reform areas:

Building resilient financial institutions. Following the finalisation of Basel III in December 2017, remaining policy work in this area concerns the insurance sector. The International Association of Insurance Supervisors (IAIS) will finalise the Insurance Capital Standard (ICS) for the five-year monitoring period and the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame).

Ending too-big-to-fail (TBTf). With the policy development for addressing TBTf for banks largely completed, the focus has turned to the technical and operational issues that arise in

resolution as well as issues relating to systemic risk in the insurance sector and financial market infrastructures (FMIs). The IAIS will finalise and adopt a holistic framework to mitigate systemic risk in the insurance sector. Moreover, the FSB will work on providing additional guidance on the adequacy of financial resources for central counterparties (CCPs) to support resolution and the treatment of CCP equity in resolution.

Making derivatives markets safer. The remaining policy action for the FSB in this area is to continue work with other SSBs to improve the effectiveness of trade reporting. The FSB is finalising governance arrangements for the unique product identifier (UPI), and expects to identify one or more UPI service providers by mid-2019. This would prepare for FSB further consideration in 2020 of the potential development of a global aggregation mechanism for trade reporting.

Promoting resilient non-bank financial intermediation. The International Organization of Securities Commissions (IOSCO) will continue to work on operationalising FSB recommendations to address structural vulnerabilities from asset management activities, including the finalisation of consistent leverage measures for funds. Looking beyond 2019, once implementation of the FSB recommendations is progressed, IOSCO and FSB will assess if these recommendations have been implemented effectively, and the FSB will report back to the G20. In addition, the FSB will also assess whether there are any residual sources of systemic risk associated with non-bank financial intermediation that cannot be effectively addressed by existing policies. Separately, the FSB will review the implementation timelines of its policy recommendations for securities financing, in particular for its regulatory framework for haircuts on non-centrally cleared securities financing transactions, and make adjustments as needed.

Implementation of reforms

Implementation of the reforms is not complete and it remains uneven. It is critical to maintain momentum and avoid complacency, in order to achieve the goal of greater resilience. The FSB, in collaboration with SSBs, will continue work on implementation monitoring through regular progress reports and peer reviews. As in previous years, the main findings will be included in the annual FSB report on the implementation and effects of reforms.

- Fifth annual report on implementation and effects of the G20 financial regulatory reforms*

Monitoring implementation of G20 reforms. The Basel Committee on Banking Supervision (BCBS) will continue to monitor implementation of Basel III, including through the Regulatory Consistency Assessment Programme (RCAP). The FSB will monitor the implementation of the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions in member jurisdictions including through: the Resolvability Assessment Processes for global systemically important banks (G-SIBs) and resolution planning for insurers and CCPs; and the monitoring of conformance with the total loss absorbing capacity (TLAC) Standard (in coordination with the BCBS). The FSB will also monitor the implementation of over-the-counter (OTC) derivatives market reforms and the implementation of the FSB Principles & Standards for Sound Compensation Practices.

- Identification of G-SIBs for 2019

- Review of the technical implementation of the TLAC Standard
- Resolution progress report
- Progress report on implementation of OTC derivatives market reforms
- Progress report on the implementation of the FSB Principles & Standards for Sound Compensation Practices

Peer reviews. The Standing Committee on Standards Implementation (SCSI) will complete thematic peer reviews on bank resolution planning and on the legal entity identifier (LEI), and the country peer reviews of Mexico and South Africa. SCSI will also launch the country peer reviews of Germany, Indonesia and the United Kingdom in 2019.

- Thematic peer review report on bank resolution planning
- Thematic peer review report on implementation of the LEI
- Country peer reviews of Mexico and South Africa

Assessing progress in other areas. The FSB will also report on implementation progress in other areas of financial reform where it has been involved in designing policy. These include: interest rate benchmark reforms, through the FSB Official Sector Steering Group; addressing correspondent banking risks through the FSB-coordinated Correspondent Banking Action Plan; the G20 Data Gaps Initiative, where IMF staff and the FSB Secretariat work in close cooperation with the Inter-Agency Group on Economic and Financial Statistics; and the FSB-initiated private-sector Task Force on Climate-related Financial Disclosures (TCFD).

- Progress report on interest rate benchmark reforms
- Progress report on addressing the decline in correspondent banking relationships
- Progress Report on implementing the recommendations on remittance firms' access to banking services*

Evaluating the effects of reforms

The objective of the FSB's work to evaluate the effects of post-crisis reforms is to assess whether reforms are operating as intended in an efficient manner, and to identify and deliver adjustments where appropriate, without compromising on the agreed level of resilience. Rigorous evaluation will ensure that reforms remain fit for purpose as the financial system evolves, and new vulnerabilities emerge. More generally, assessing the effects of reforms on the structure and functioning of the global financial system is important for harnessing the economic benefits of an open and integrated financial system. As in previous years, these issues will be discussed in the annual FSB report on the implementation and effects of reforms.

- Fifth annual report on implementation and effects of the G20 financial regulatory reforms*

Ongoing evaluation work. The FSB will take forward its programme for evaluating the effects of reforms under its Evaluation Framework. In 2019, this includes an evaluation of the effects of reforms on small and medium-sized enterprise (SME) financing; the launch of a new evaluation of the effects of TBTF reforms to banks (to be completed in 2020); and a review of

lessons learned from the first two evaluations (on infrastructure finance and on incentives to centrally clear OTC derivatives), which were completed in November 2018.

- FSB evaluation of the effects of the financial regulatory reforms on SME financing*

Cross-border consistency of reforms. Detecting, and addressing, sources of market fragmentation is important for maintaining an open and resilient financial system. The FSB will explore issues around market fragmentation, including what it is, under what conditions it can emerge, and its potential impact. It will also identify tools that national authorities and standard-setters can use to address the risk of market fragmentation arising from regulatory or other causes, in particular when such fragmentation could adversely affect financial stability.

- Report on market fragmentation*

Reinforcing outreach to stakeholders

In October 2018, the FSB completed a review of its processes and transparency to maximise its effectiveness for the next phase of its work focused on promoting global financial stability. The review confirmed the FSB's existing strengths, and the FSB also found scope to enhance some of its work processes, reinforce the member-driven character of its work, further foster effective communication and strengthen engagement with external stakeholders. The FSB has already begun implementing these actions. In 2019, one focus will be to reinforce engagement with external stakeholders.

Regional Consultative Groups (RCGs). The FSB's six RCGs are an important mechanism for a wider range of authorities to exchange views on financial stability issues, including for non-FSB member authorities to provide feedback on the direction of the FSB's work. The FSB will conduct a review, with the involvement of RCG members, of how to enhance the effectiveness of RCGs as an outreach and feedback mechanism.

Communication and engagement with external stakeholders. To reinforce outreach to external stakeholders, the FSB will:

- standardise its public consultation processes, including through: an explicit expectation that documents that may materially affect external stakeholders are subject to a 60-day public consultation process; improving the visibility of consultation responses on the FSB's website; and routinely publishing, for all public consultations in a consistent format, reports that summarise public comments and explain how they have been addressed in the final policy document.
- make more frequent use of stakeholder workshops, and also outreach to academia, consumer and other interest groups, including non-governmental organisations, and the general public, so as to ensure external engagement is not confined to the financial industry but encompasses all relevant stakeholders. Considering and deciding on appropriate forms of stakeholder engagement becomes an integral part of planning new initiatives.
- improve the accessibility of information to the general public by increasing website information on FSB meetings and structure; providing more information about the FSB's work in language targeted at a non-technical audience; and more generally making the FSB's website more user-friendly

Annex

Indicative timeline of FSB publications planned for 2019		
<i>Date</i>	<i>Report</i>	<i>Comment</i>
February	Report on FinTech and market structure in finance	
March	Thematic peer review report on bank resolution planning	
April	Issues note on decentralised financial technologies Directory of regulators on crypto-assets Progress report on the implementation of the FSB Principles & Standards for Sound Compensation Practices Public consultation paper on solvent wind-down of derivatives and trading portfolios Public consultation paper on public disclosures on resolution planning and resolvability	G20 deliverable G20 deliverable
May	Thematic peer review report on implementation of the LEI	
June	Report on market fragmentation Report on the financial stability implications of decentralised financial technologies Progress report on the development of effective practices for cyber incident response and recovery Summary progress update on the implementation of financial regulatory reforms Progress report on addressing the decline in correspondent banking relationships Progress report on implementing the recommendations on remittance firms' access to banking services Consultative report of FSB evaluation on the effects of the financial regulatory reforms on SME financing Review of the technical implementation of the TLAC Standard	G20 deliverable G20 deliverable G20 deliverable G20 deliverable G20 deliverable G20 deliverable G20 deliverable
October	Fifth annual report on implementation and effects of the G20 financial regulatory reforms Final report of FSB evaluation on the effects of the financial regulatory reforms on SME financing Final paper on solvent wind-down of derivatives and trading portfolios Final paper on public disclosures on resolution planning and resolvability Resolution progress report	G20 deliverable G20 deliverable

	Progress report on implementation of OTC derivatives market reforms	
November	Identification of G-SIBs for 2019 Progress report on interest rate benchmark reforms	
December [tbc]	Country peer reviews of Mexico and South Africa Global Monitoring Report on Non-Bank Financial Intermediation 2019	