

Press release

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Financial Stability Forum re-established as the Financial Stability Board

As announced in the London Summit declaration issued today, a broad consensus has emerged towards placing the FSF on stronger institutional ground with an expanded membership – to strengthen its effectiveness as a mechanism for national authorities, standard setting bodies (SSBs) and international financial institutions to address vulnerabilities and to develop and implement strong regulatory, supervisory and other policies in the interest of financial stability.

1. The expanded FSF has been re-established as the Financial Stability Board (FSB) with a broadened mandate to promote financial stability.
2. The FSB consists of a Chairperson, a Steering Committee, the Plenary with member countries, SSBs and international financial institutions, and a Secretariat. The Chair oversees the Steering Committee, the Plenary and the Secretariat.
3. The FSB Plenary is the decision making organ of the FSB. The Steering Committee provides operational guidance between plenary meetings to carry forward the directions of the FSB. A full-time Secretary General and an enlarged Secretariat based in Basel support the FSB.
4. Jurisdictions eligible for Plenary membership include the current FSF member jurisdictions plus the rest of the G20, Spain and the European Commission. Eligibility will be reviewed periodically.
5. As obligations of membership, member countries and territories commit to pursue the maintenance of financial stability, maintain the openness and transparency of the financial sector, implement international financial standards (including the 12 key International Standard and Codes), and agree to undergo periodic peer reviews, using among other evidence IMF/World Bank public Financial Sector Assessment Program reports. The FSB will elaborate and report on these commitments and the evaluation process.
6. The Plenary has country or regional representation drawn from authorities responsible for maintaining financial stability. Representation is at the level of central bank governor or immediate deputy, head of the main supervisory/regulatory agency and deputy finance minister. Plenary members also include the chairs of the main SSBs and central bank committees, and representatives of the IMF, World Bank, the BIS and the OECD. The FSB plenary will meet 2 times per year and have calls as needed.
7. Seat assignments in the FSB Plenary reflect the size of the national economy, financial market activity and national financial stability arrangements. Delegations with more than one seat have one member seated at the back. Members sitting at the back have the rights of the table. Representation at the table can be changed according to topic. The FSB Chair can extend ad hoc invitations to non-members to attend plenary meetings.

8. The Steering Committee's composition is decided by the FSB Chair in a manner that ensures maximum effectiveness in taking forward the FSB's work while having regard to balanced representation in terms of geographic regions and institutional functions. The Steering Committee ensures effective information flow to the full membership.
9. Alongside the current mandate of the FSF – to assess vulnerabilities affecting the financial system, identify and oversee action needed to address them, and promote co-ordination and information exchange among authorities responsible for financial stability – the FSB will:
 - a) monitor and advise on market developments and their implications for regulatory policy;
 - b) advise on and monitor best practice in meeting regulatory standards;
 - c) undertake joint strategic reviews of the policy development work of the international SSBs to ensure their work is timely, coordinated, focused on priorities and addressing gaps;
 - d) set guidelines for and support the establishment of supervisory colleges;
 - e) manage contingency planning for cross-border crisis management, particularly with respect to systemically important firms; and
 - f) collaborate with the IMF to conduct Early Warning Exercises.
10. In support of 9 c), the SSBs will report to the FSB on their work without prejudice to their existing reporting arrangements or their independence. This process should not undermine the independence of the standard setting process but strengthen support for strong standard setting by providing a broader accountability framework.
11. To support the FSB's role described in 9, the FSB Plenary will establish Standing Committees for Vulnerabilities Assessment; Supervisory and Regulatory Co-operation (including for supervisory colleges and cross-border crisis management); and Implementation of Standards and Codes. It may establish other Standing Committees and ad hoc working groups as necessary. The Steering Committee may establish fast-acting ad hoc workstreams as needed. Ad hoc working groups can include non-FSB member countries.
12. Over time, the FSB will promote and help coordinate the alignment of international standard setting activities to address any overlaps or gaps and clarify demarcations in light of changes in national regulatory structures relating to prudential and systemic risk, market integrity and consumer protection, infrastructure, and accounting and auditing.
13. The FSB will step up its regional outreach activities to broaden the circle of countries engaged in work to promote international financial stability. It will also engage in stronger public relations outreach to raise the visibility of its work and role in the international financial system.
14. The FSB and IMF will intensify their collaboration, each complementing the other's role as per the 13 November 2008 [letter](#) by the Managing Director of the IMF and the Chair of the FSF. The FSB and the IMF will collaborate in conducting Early Warning Exercises and make a joint presentation to the IMFC on financial risks and vulnerabilities and policy recommendations to mitigate such risks and vulnerabilities.

Notes to editors

The FSF brings together national authorities responsible for financial stability in significant international financial centres, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. It was established by the G7 Finance Ministers and Central Bank Governors in 1999 to promote international financial stability through enhanced information exchange and international cooperation in financial market supervision and surveillance. The FSF decided in March 2009 to expand its membership to all G20 countries as well as Spain and the European Commission, and the changes announced today. The FSB is chaired by Mario Draghi, Governor of the Bank of Italy. Its Secretariat is based at the Bank for International Settlements in Basel, Switzerland.

For further information on the FSF, its membership and publications, visit the FSF website at www.fsforum.org.