

The Financial Crisis and Information Gaps
Recommendations 8 and 9: International Network
Connections and Systemically Important Global
Financial Institutions

Senior Officials Conference
Basel, April 8 and 9, 2010

G-20 recommendation

- **Recommendation 8:** *The FSB to investigate the possibility of improved collection and sharing of information on linkages between individual financial institutions, including through supervisory college arrangements and the information exchange being considered for crisis management planning. This work must take due account of the important confidentiality and legal issues that are raised, and existing information sharing arrangements among supervisors.*
- Lead agency: FSB

G-20 recommendation

- **Recommendation 9:** *The FSB, in close consultation with the IMF, to convene relevant central banks, national supervisors, and other international financial institutions to develop by end-2010 a common draft template for systemically important global financial institutions for the purpose of better understanding the exposures of these institutions to different financial sectors and national markets. This work should be undertaken in concert with related work on the systemic importance of financial institutions. Widespread consultation would be needed, and due account taken of confidentiality rules, before any reporting framework can be implemented.*
- Lead agency: FSB

High Level Objectives

- Improve monitoring of interconnectedness
- Improve monitoring of SIFI exposures
- Strengthen information sharing
 - Within supervisory colleges
 - With host supervisors
 - With non-regulatory central banks
 - With international financial institutions
- Strengthen crisis management arrangements

Delivery Objectives

- Consistent reporting of network exposures
- Common draft reporting template for SIFIs
- Supporting improved measures of risk concentration
 - Trading book, loan book, funding risks (on/off balance sheet)
 - To financial sectors and national markets
- Address confidentiality and data sharing restrictions
- Strengthen public disclosure as a complement

Working Group established

- Chair : Aerd Houben (DNB)
- Membership from across FSB: central banks, supervisory agencies, international institutions
- Wide range of skills and expertise:
 - Supervision
 - Financial stability analysis
 - Statistics
 - Legal

Workstream proposals

- Identifying data needs:
 - Microprudential supervision
 - Macroprudential oversight
 - Crisis management
- Data sources to supply those needs
- Legal and confidentiality constraints

Next steps

- Flesh out data requirements:
 - Clear examples of why the information is important (practical case or convincing hypothetical)
 - Is it required actively (ie all the time), or passively (ie require comfort that it can be obtained as needed)?
- Review potential data sources (some may be underutilised or not well known or exploited) and assess demand for new ones
- Stock-take of confidentiality restrictions and options for amendment if binding constraints
- Develop workplans. Draw together to report to FSB & prepare draft SIFI template by end-2010