

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
CORPORATE GOVERNANCE COMMITTEE**

Presentation by Grace Sone, Financial Stability Board (FSB)

FSB Peer Reviews

**7-8 April 2016
OECD Conference Centre
2, rue André Pascal, 75016 Paris**

The complete version is available in PDF format only.

Contact:
Winfried BLASCHKE, Deputy Head of Division, Winfried.Blaschke@oecd.org, +33 1 45 24 83 67

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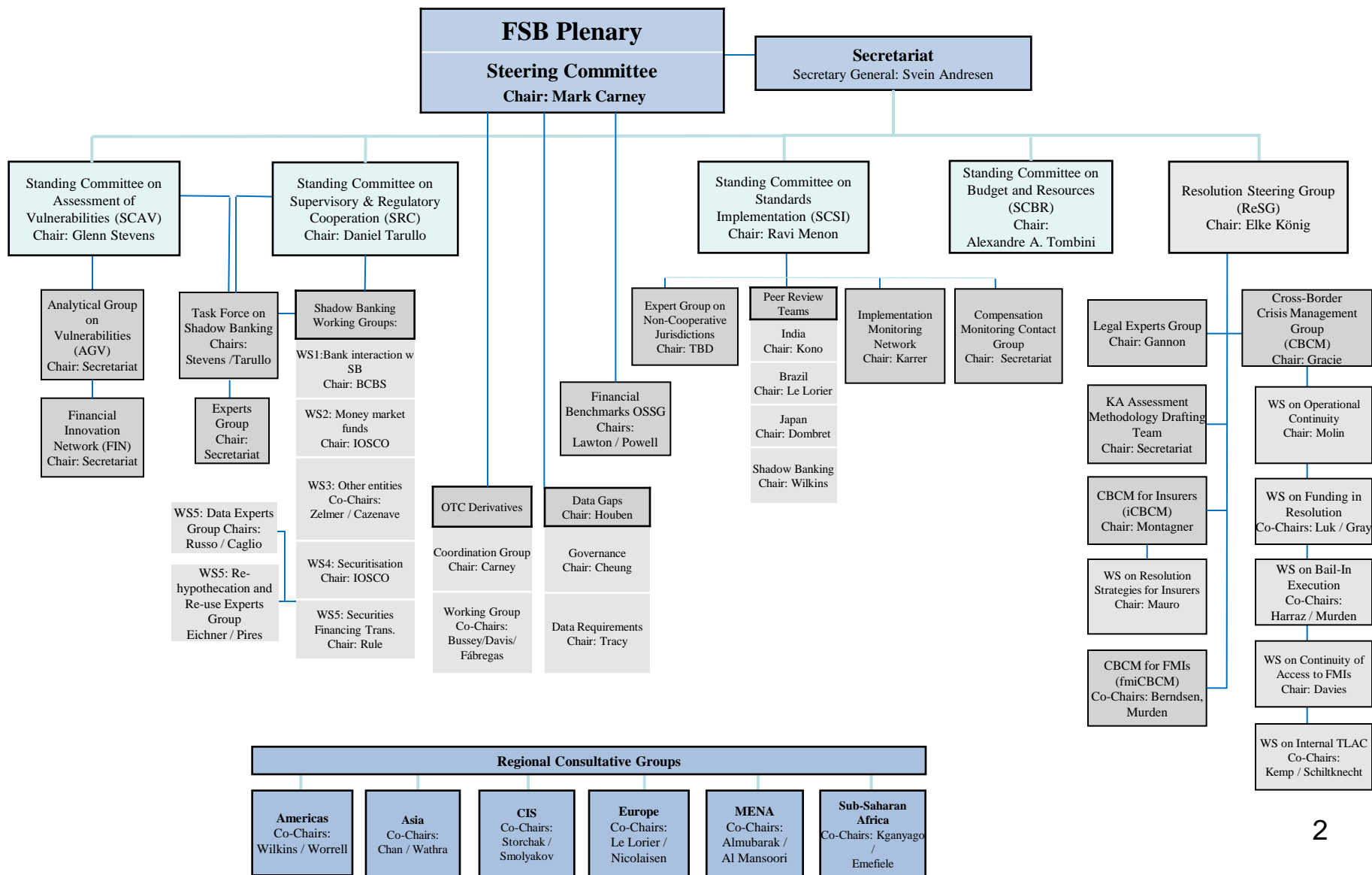


DAF/CA/CG/RD(2016)3

FSB Peer Reviews

**Grace Sone, Financial Stability Board
OECD Corporate Governance Committee
Paris, 7-8 April 2016**

FSB Structure



Monitoring Mechanisms

Scope

Frequency

Outputs

(1) G20 Progress Report
on financial reform
commitments

- All G20 recommendations

- Annually (for the grid)
- Each G20 FM+CBG (for the FSB Progress Reports)

- Tabular report (grid) to the G20 Summit (published)
- Progress Reports (published)

(2) FSB Implementation
Monitoring Network
(IMN)

- National implementation of all G20/FSB recommendations (different items under broad policy areas)

- Annually

- Progress report to the G20 Summit (published)
- National survey (published)

(3) FSB
Peer
Reviews

i) Country
reviews

- Follow-up of country-specific FSAP recommendations

- 2-3 yrs following an FSAP

- Peer review report (published)

ii) Thematic
reviews

- Implementation of agreed international standards & policies

- As determined by FSB-SCSI

(4) FSB Progress Reports
on specific issues
(e.g. OTC derivatives)

- National implementation of G20/FSB recommendations in specific areas

- As determined by FSB

- Progress report (published)

(5) SSB Implementation
Monitoring

- SSB standards (often also G20/FSB recommendations)
- Great variation in scope & intensity across SSBs

- As determined by SSBs

- Implementation surveys + Monitoring report (published/unpublished)

Peer Review

- FSB members “committed to undergoing periodic peer reviews focused on the implementation and effectiveness of international financial standards and policies agreed within the FSB”
- Two types of peer reviews launched
 - Thematic reviews
 - Country reviews
- Guidelines for conduct of peer reviews are set out in *Handbook for FSB Peer Reviews*
 - The functioning of the peer review programme and the *Handbook* have been revised in response to a review of the programme that took place in 2011

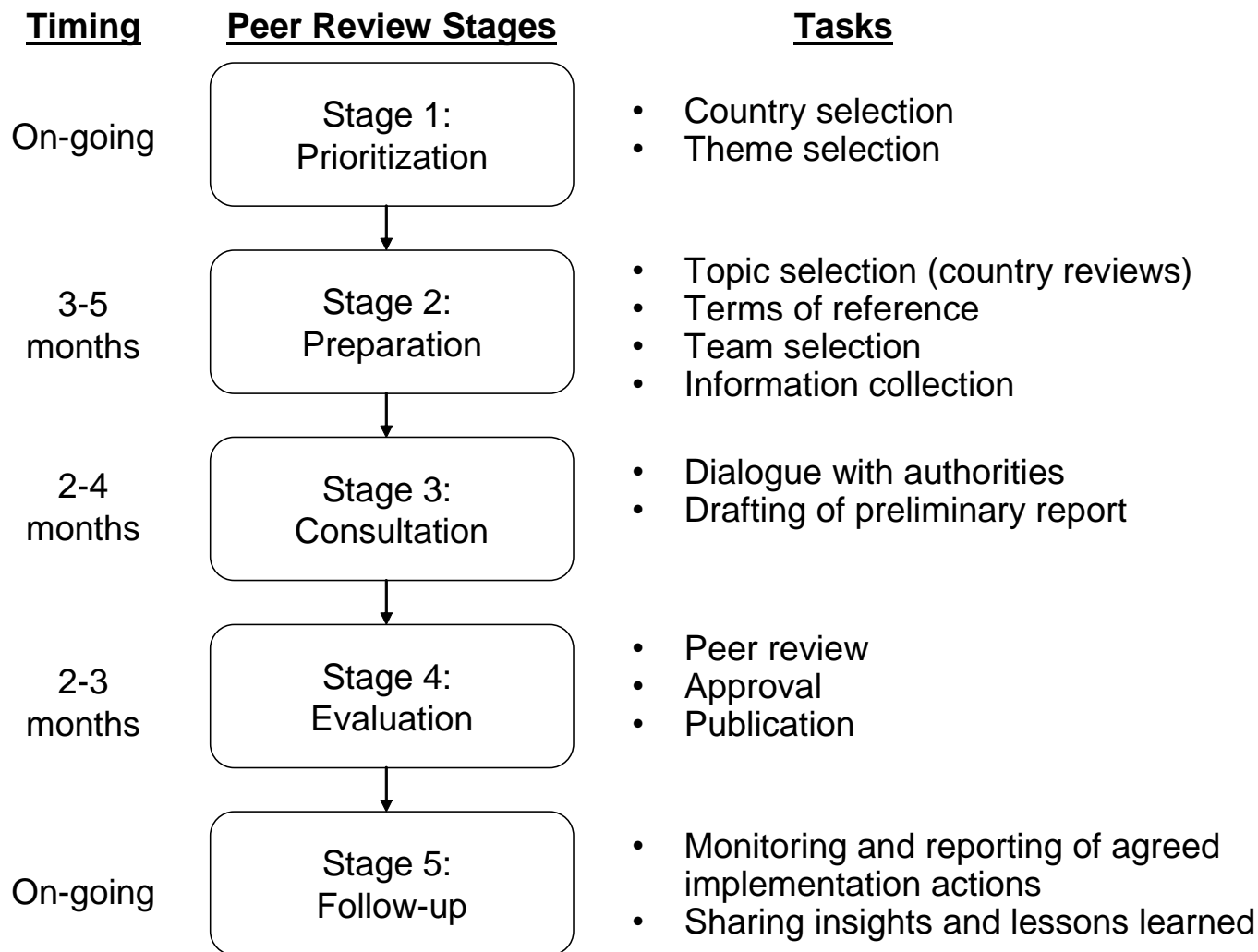
Thematic Reviews

- Focus on implementation and effectiveness of international standards and policies by FSB member jurisdictions in a particular area important for global financial stability
 - May also analyse areas where no standards exist
- Eleven thematic reviews undertaken to date...
 - Compensation practices (2), risk disclosures, residential mortgage underwriting, deposit insurance systems, credit rating agencies, resolution regimes (2), trade reporting, SIB supervisory frameworks, risk governance
- Ongoing: Implementation of the FSB policy framework for other shadow banking entities
- To launch shortly: corporate governance of financial institutions (focusing on G20/OECD Principles)

Country Reviews

- Focused primarily on steps taken by FSB member jurisdictions to follow up on IMF-World Bank FSAP/ROSC recommendations
 - Do not analyse a jurisdiction's financial system and its vulnerabilities or assess compliance with standards
 - May also include other financial sector policy issues not covered in the FSAP that are timely and topical for the jurisdiction and/or FSB
- Sixteen country reviews undertaken to date...
 - Australia, Canada, China, Germany, Indonesia, Italy, Mexico, Netherlands, Russia, Saudi Arabia, South Africa, Spain, Switzerland, Turkey, UK, US
- Brazil, India and Japan to be completed in 2016
 - France, Argentina and Singapore to be launched later this year

Peer Review Process



Objectives of the Review

- OECD Principles of Corporate Governance are one of the FSB Key Standards for Sound Financial Systems
- Underscore the importance of effective governance to financial stability
- Inform the update to the OECD assessment methodology
- Provide input to the governance-related aspects of the FSB's broader work on conduct for financial institutions
- Identify areas of follow-up or where further work could be undertaken

Scope of the Review

- Aspects of five of the six Chapters of the OECD Principles
 - Chapter IV on the role of stakeholders in corporate governance is not in scope
 - Will focus on those principles that are most pertinent for regulated financial institutions in FSB member jurisdictions (e.g. effective governance frameworks, remuneration, disclosure, responsibilities of the board)
- Publicly listed regulated financial institutions, such as banks, insurers and asset managers
 - **The scope of the review will be finalised by the Peer Review Team, once it is established**

Indicative Timeline

Date	Deliverable
Early Apr – Mid-May	<ul style="list-style-type: none"> • Call for nominations / form peer review team • Develop questionnaire
Late May / Early Jun	<ul style="list-style-type: none"> • Send questionnaire to national authorities
Jul	<ul style="list-style-type: none"> • Responses due back from national authorities
Aug - Sep	<ul style="list-style-type: none"> • Review team analyses the information collected
Oct	<ul style="list-style-type: none"> • Interim findings sent to the SCSI
Dec	<ul style="list-style-type: none"> • Draft peer review report sent to SCSI
Early 2017	<ul style="list-style-type: none"> • Publish peer review report after approval by SCSI and Plenary

Thank you for your attention