



Financial Services Commission
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Press Release

September 29, 2010

THE 5TH FSB PLENARY MEETING REPORT

FSC Chairman Chin Dong-Soo attended the 5th FSB Plenary Meeting held in Paris on September 27. At the meeting held ahead of its next Plenary Meeting scheduled for October in Seoul and the G20 Summit in November, global financial regulators had in-depth discussions on the financial reform agenda mandated by the G20 leaders. Chairman Chin gathered support from FSB members to successfully hold the FSB Seoul Plenary Meeting in October and the G20 Seoul Summit in November.

FSB Financial Reform Agenda

- ① Addressing systemically important financial institutions
- ② Establishing outreach arrangements with non-member authorities
- ③ Promoting standardization of OTC derivatives and market transparency
- ④ Reducing reliance on CRA ratings

<Progress on regulatory reforms*>

* Please refer to the FSB press release (Sept. 27, 2010) for details.

1. Addressing systemically important financial institutions

The FSB reviewed the development of policy approaches for addressing the “too big to fail” problems associated with systemically important financial institutions (SIFIs). It will make recommendations to G20 Leaders at the November Summit in Seoul covering the need for global SIFIs to have a higher loss absorption capacity; enabling the resolution of SIFIs without taxpayer solvency support; strengthening the intensity of SIFI supervision; and a peer review process to promote consistent national policies in this area.

2. Implementing central clearing and trade reporting of OTC derivatives

The FSB reviewed recommendations developed by an FSB Working Group to achieve the G20’s objectives to improve transparency, mitigate systemic risk and protect against market abuse in the over-the-counter (OTC) derivatives market. The draft recommendations promote consistent implementation across jurisdictions of measures to increase standardization, central



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clearing and, where appropriate, exchange or electronic platform trading, and to have all OTC derivatives contracts reported to trade repositories. The report will be published at the time of the November G20 Summit in Seoul.

3. Reducing reliance on CRA ratings

The FSB reviewed principles being developed to reduce authorities' and financial institutions' reliance on credit rating agency (CRA) ratings. The goal of the principles is to reduce the cliff effects from CRA ratings that can amplify procyclicality and cause systemic disruption. The principles will be presented to G20 Finance Ministers and Central Bank Governors in October.

4. Establishing regional outreach arrangements

The FSB will establish outreach arrangements with non-member authorities, through the establishment of regional groups comprising member and non-member authorities. A detailed proposal on those arrangements will be further discussed at the October FSB Plenary meeting in Seoul. The regional groups' first meeting will take place in 2011.

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