GFMA Comments on Financial Stability Board’s Policy Measures to Address Systemically Important Financial Institutions

New York, NY, November 4, 2011 – The Global Financial Markets Association (GFMA) today released the following statement from Tim Ryan, chief executive officer, in response to the release of the Financial Stability Board’s (FSB) Policy Measures to Address Systemically Important Financial Institutions, which includes a list of global systemically important financial institutions (G-SIFIs) and confirms a framework for a G-SIFI capital surcharge and cross-border resolution authority requirements.

“GFMA shares the FSB’s goal of ensuring the safety and soundness of the global financial system, which is critical to investor and consumer confidence.

“GFMA is disappointed that the Financial Stability Board is moving forward with the capital surcharge framework. We continue to believe that requirements beyond what is required by the Basel III Accord are excessive and could raise the cost of credit available to businesses and consumers, stifling economic growth.

“There is a risk that enhanced capital requirements come to be seen as a panacea and detract from other important regulatory developments such as improved industry practices, strengthened supervision, effectively functioning markets and credible resolution arrangements. GFMA strongly supports the FSB’s efforts to ensure all relevant jurisdictions have the capacity to efficiently resolve SIFIs without systemic disruption and without exposing the taxpayer to the risk of loss. New orderly resolution regimes will significantly reduce risk in the financial system. As such, GFMA strongly believes that as real progress is made in making orderly failures feasible, any extra capital requirements for these firms should be reduced or eliminated, and we look forward to working with the FSB on this issue.”

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The Global Financial Markets Association (GFMA) joins together some of the world’s largest financial trade associations to develop strategies for global policy issues in the financial markets, and promote coordinated advocacy efforts. The member trade associations count the world’s largest financial markets participants as their members. GFMA currently has three members: the Association for Financial Markets in Europe (AFME), the Asia Securities Industry & Financial Markets Association (ASIFMA), and, in North America, the Securities Industry and Financial Markets Association (SIFMA). For more information, visit http://www.gfma.org.