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Press comment

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GFMA comment on G-SIFI Resolution paper from US FDIC and Bank of England

Commenting on cross border resolution plans, published today by the US Federal Deposit Insurance Corporation (FDIC) and Bank of England, Simon Lewis, chief executive of the Global Financial Markets Association (GFMA) said:

“GFMA strongly supports the joint paper published today by the Bank of England and the FDIC on resolving US or UK-based G-SIFIs. No financial services firm should be ‘too-big-to-fail’ or have to rely on taxpayer support for its survival.

“GFMA notes that there can be significant benefits in a whole group, single point of entry, approach where this is effective. However, as acknowledged in the paper, it is important to recognise that a single point of entry strategy may not be appropriate for all institutions - for example, where there is insufficient capital at the holding company level to absorb the required level of losses.

“Resolution strategies therefore need to be tailored to the circumstances of each institution and the development of firm-specific cross-border cooperation agreements will be a key component to achieve this. We urge similar cooperation between authorities in other jurisdictions, building upon the framework established by the Financial Stability Board.”

-ENDS-

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Notes:

1. The Global Financial Markets Association (GFMA) brings together three of the world’s leading financial trade associations to address the increasingly important global regulatory agenda and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian, and North American members of GFMA. For more information, visit <http://www.gfma.org>