

The Financial Stability Board (FSB) is established to coordinate at the international level the work of national financial authorities and international standard-setting bodies in order to develop and promote the implementation of effective regulatory, s

1. Authorities will, individually and collectively through the FSB and standard-setting bodies (SSBs), monitor and share information on a timely basis to assess and address financial stability risks from COVID-19, so as to maximise the benefit of a global policy response.
2. Authorities recognise, and will make use of, the flexibility

large corporates have increased their cash holdings, which may have contributed to strains in funding markets. These strains can impair the ability of some parts of the system of market-based finance from serving the real economy.

Cross-currency basis swaps and net flows into emerging markets Graph 3

Cross-currency basis swaps

Non-Resident Portfolio Flows to EMEs

tightens, the ability of banks to act as a ‘spare tyre’ and whether other non-banks enter or expand their activity in these markets becomes critical.

(2) The ability of market participants around the world to obtain US dollar funding, particularly in emerging market economies (EMEs). Capital outflows from EMEs observed in late March have been much larger than during 2008 in the financial crisis, or during 2013 with the taper tantrum (Graph 3). These larger outflows reflect the shift in USD funding gaps during the past decade from advanced economies to EMEs, and from banks to non-financial corporates. On the supply side, non-bank financial intermediaries are now providing a larger share of USD funding to foreign borrowers. Central bank facilities have addressed acute funding strains, but resilience of complex dollar funding chains and the ability to go the “last mile” and channel USD liquidity to the foreign exchange market is important to prevent defaults. The availability of funding depends on a functioning intermediation chain, including foreign exchange swap markets, and the channelling of funds to end users.

(3) The ability of financial intermediaries, such as certain investment funds, to effectively manage liquidity risk. Increased risk aversion together with surging demand for safe assets have been reflected in outflows from a subset of open-ended funds, including ETFs that invest

reduction of minimum reserve requirements. The U.S. Federal Reserve has also re-activated the commercial paper funding facility to facilitate the flow of funding to corporates through short-term funding markets and established two facilities to support credit to large employers through loan and bond purchases in primary and secondary markets, and another facility to support lending to small businesses. In order to

safeguard the smooth transmission of monetary policy within the euro area, the ECB has launched the Pandemic Emergency Purchase Program (PEPP), a temporary asset purchase programme for private and public sector securities. The Bank of England has launched a term funding scheme to support SME lending, a Covid Corporate Financing Facility to support liquidity among larger firms, and is providing liquidity to the banking sector through expanding its liquidity facilities.

es to alleviate US dollar funding shortages. The Federal Reserve has standing swap agreements with the Bank of Canada, the Bank of England, the ECB, the Bank of Japan, and the Swiss National Bank.

³ To lessen strains in global US dollar funding markets, on 19 March the Federal Reserve added temporary swap arrangements with more central banks, to be in place for at least six months. These additions concern central banks that established swap

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Annex 1: Financial policy measures taken in response to COVID-19 pandemic (as of 11 April 2020)

The table provides a high-level overview of the policy measures taken by authorities in FSB jurisdictions in response to the COVID-19 pandemic outbreak. The table is based on information collected by FSB, through a temp

Annex 2: COVID-19 statements by standard-setting bodies

BCBS

- [Basel Committee and IOSCO announce deferral of final implementation phases of the margin requirements for non-centrally cleared derivatives](#), 3 April 2020
- [Basel Committee sets out additional measures to alleviate the impact of Covid-19](#), 3 April 2020
- [Governors and Heads of Supervision announce](#)