

Jurisdiction : **Brazil**

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Refining the regulatory perimeter					
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The BCB monitors those activities considered as shadow banking that are somehow connected to the financial institutions under its supervision, in order to identify and take action in case of potential exposure to the risk of contagion. Status of progress : Draft in preparation, expected publication by : 2013 Short description of the content of the legislation/ regulation/guideline: As part of the Global Shadow Banking Report for 2012 (FSB/SCAV/AGV), size and composition of the domestic shadow banking sector were estimated in Brazil. Interconnectedness between banks and	Planned actions (if any): The BCB will continue to participate actively in the relevant forums, particularly in the FSB and its subgroups and monitor national developments that may warrant an extension of the perimeter of financial regulation. Expected commencement date: Web-links to relevant documents:
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ¹ (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation.		

¹ This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>non-banking entities was assessed, but interconnectedness among non-banking entities is not yet available. Consolidated supervision of financial conglomerates already takes into account of most developments that would otherwise require revision of the boundaries of the regulatory framework. Financial institutions are required to have in place a structure for the management of credit, market and operational risks. Such structure must provide an assessment of new products and services from a risk-based perspective. Additionally, the BCB takes a proactive and cautious approach towards new products and markets. A new legislation is under preparation in order to expand the perimeter of domestic regulated entities, such as factoring and securitization companies.</p> <p>Web-links to relevant documents:</p>	

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II. Hedge funds					
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds ...(Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2004</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Hedge funds are subject to the same regulation applicable to the mutual investment funds (Rule CVM n° 409/2004).</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Establishment of bilateral Supervisory Memoranda of Understanding (MOUs).</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Legislation grants CVM sufficient power to enter international agreements with supervisory authorities. CVM already signed a supervisory MOU with US Financial Industry Regulation Authority (FINRA) and European Securities and Markets Authority (ESMA).</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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4 (5)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents :	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2013	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
6)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	<ul style="list-style-type: none"> • Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Basel III (June 2011) – relevant references to counterparty credit risk standards 	Short description of the content of the legislation/ regulation/guideline: At present, leveraged counterparties are not believed to be a point of concern in the Brazilian financial system. Hedge funds pose no systemic risk through the credit channel in Brazil, as they are precluded from making loans, according to Rule CVM 409/2004, article 64. Nevertheless, taking into account that derivatives are the most relevant source of leverage for hedge funds, it should be stressed that most transactions are traded in an exchange environment, characterized by margin requirements calculated by an independent third party (the exchange itself) and adjusted on a	

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				<p>daily basis. Circular BCB 3,644/2013 established the Credit Valuation Adjustment (CVA) treatment for OTC derivatives, according to Basel III recommendations. A risk weight was also established for exposures to Central Counterparties (CCPs) in line with Basel III.</p> <p>Web-links to relevant documents:</p>	

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III. Securitisation					
5 (7) (8)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009) <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> IOSCO’s Report on Global Developments in Securitisation Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012, for regulation related to sales and transfers of assets.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The most common structures used for securitization in Brazil are the ones where the originator retains part of the risk of the operation through the acquisition of junior (subordinated) tranches. Additionally, the historic level of default in the investment portfolio is required to be disclosed in the prospectus. Resolution CMN 3,533/2008 regulates the sale/transfer of financial assets and establishes criteria for their classification, accounting and disclosure in terms of the transfer of risks and</p>	<p>Planned actions (if any):</p> <p>On-site inspections in many financial institutions, so as to check their compliance with Resolution CMN 3,533/2008, are scheduled for the year 2013.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>benefits. Rules are effective from January 1st, 2012. Circular BCB 3,644/2013 regulates calculation of risk-weighted assets (RWA) component for credit risk under the standardised approach. The treatment of securitization operations is conservative, especially when financial institutions hold subordinated tranches. Rules are effective from October, 1st 2013. Circular BCB 3,648/2013 regulates calculation of RWA component for credit risk under the advanced approaches (IRB). According to Circular BCB 3,648/2013, financial institutions could apply for using IRB, using a hierarchy of approaches applicable to securitisation exposures slightly adapted from Basel II principles. The Ratings-Based Approach (RBA) is on the top of hierarchy, but relies on internal rather than external ratings. The Supervisory Formula Approach (SFA) is the next in hierarchy, and is used when the financial institution is not able to calculate internal ratings that reflect the credit risk of underlying assets. When neither RBA nor SFA are feasible to be used, the standardised approach must be applied. The first application period for using IRB is scheduled to start by end-2012 and finish</p>	

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				at end-2013. Web-links to relevant documents:	

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6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Currently, there are no ongoing regulation proposals or efforts’ concerning monoline insurers as this type of institution does not exist in Brazil.</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product.</p> <p>See, for reference, the principles contained in IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009) and Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Circular Letter CVM 2/2010 states that mutual fund investments in structured products (CCBs) must be made with due diligence. In addition, this issue is addressed by CVM in the Risk Supervision Process (SBR), which carries out its verification in Routine Inspections.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO’s Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Rule CVM 520/2012 regulates mortgage-backed securities (MBS), including disclosure requirements. Rules CVM 484/2010 and 489/2011 regulate the disclosure of information of asset-backed securities (ABS). According to Rule CVM 504/2011, since January 2012 securitization funds must send information about their purchases of credits to the BCB Credit Bureau (SCR).</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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IV. Enhancing supervision					
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.²</p> <p>See, for reference, the following documents:</p> <p>Joint Forum:</p> <ul style="list-style-type: none"> • Principles for the supervision of financial conglomerates (Sep 2012) <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • ICP 23 – Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Draft in preparation, expected publication by : 2014</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>No specific regulation or guidelines on the supervision of SIFIs have been issued so far. No G-SIFIs are headquartered in Brazil. Concerning D-SIFIs, no formal definition is yet available, but six financial conglomerates are, in practical terms, considered as such, as they represent 68% of the total assets of the National Financial System (December, 2012). The BCB carries out annually a well structured supervision procedure.</p>	<p>Planned actions (if any):</p> <p>A BCB workgroup is developing a methodology to identify and classify domestic banks according to their systemic importance, based on the BCBS G-SIB methodology.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				<p>Within this context, the activities embracing the identified D-SIFIs are classified as top priority in terms of allocation of resources. Besides that, the structure and procedures for the supervision of the most important financial conglomerates (including the six ones mentioned above) are discussed internally and defined by the Senior Management of the Department of Supervision of Banks and Banking Conglomerates at the BCB. Financial institutions must implement risk management structures according to the complexity and volume of their operations. Therefore, the larger the conglomerate, the higher the demands required by regulations. One example refers to capital adequacy. CMN Resolution 3,988/2011 states that institutions with total assets greater than R\$100 billion must implement the Internal Capital Adequacy Assessment Process (Icaap), in order to assess the need for extra capital to cope with all relevant risks not covered by Pillar 1 requirements. Each financial conglomerate is assigned to a dedicated group of examiners under a dedicated senior supervisor. This group is supported by specialized teams, in charge</p>	

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				<p>of analysing specific financial issues. Activities of the specialized teams cover all Brazilian banks and not only the largest ones. There are 92 specialists in matters such as treasury operations, credit risk, accounting, operational risk and others. Their work is proportionally allocated to those banks being supervised. The number of examiners is considered adequate, in view of the support also provided by the specialized teams. Off-site supervision staff comprises 206 members grouped in several monitoring units that cover the entire Brazilian financial system and not only banks. Staff allocation is also deemed adequate.</p> <p>Web-links to relevant documents:</p>	

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<p>10 (13)</p> <p>(14)</p>	<p>Establishing supervisory colleges and conducting risk assessments</p>	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...(Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Good practice principles on supervisory colleges (Oct 2010) • Report and recommendations on cross-border bank resolution (Mar 2010) <p>IOSCO:</p> <ul style="list-style-type: none"> • Principles Regarding Cross-Border Supervisory Cooperation (May 2010) <p>IAIS :</p> <ul style="list-style-type: none"> • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Establishment of supervisory colleges for the two Brazilian financial conglomerates that have sizeable presence abroad (Banco do Brasil and Itaú).</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The BCB has established biennial supervisory colleges for the two Brazilian financial conglomerates that have a sizeable presence abroad. The first college meeting took place in September 2010. The supervisory college meetings included discussions on the risk profile, related internal controls and associated perspectives of each off-shore unit of the two mentioned Brazilian financial</p>	<p>Planned actions (if any):</p> <p>During the next meetings, the BCB will continue to develop and address more specific issues regarding the framework implemented by each unit, in order to monitor, mitigate and control internal risks. In addition, the BCB intends to discuss the deficiencies and necessary improvements to be made by the foreign units.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>conglomerates. Due to the low individual relevance of their units in many foreign jurisdictions, risk assessment is not conducted during the college meetings, although all discussions and points highlighted are taken as inputs for the regular consolidated risk assessment under the Brazilian supervisory process.</p> <p>Web-links to relevant documents:</p>	

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<p>11 (15)</p> <p>New</p>	<p>Supervisory exchange of information and coordination</p>	<p>To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Establishment of several agreements and MoUs with domestic and foreign supervisory authorities.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Since 1997, under provisions of Complementary Law 105/2001, the BCB has established several agreements with other Brazilian authorities, as well as with foreign supervisors. The BCB has signed 16 agreements with other Brazilian authorities in order to exchange information and coordinate actions. The BCB also cooperates with other supervisory agencies of the Brazilian Financial System through the “Coremec”, which is a committee established in 2006</p>	<p>Planned actions (if any):</p> <p>The BCB expects to continue negotiations with foreign supervisory authorities. There are three more bilateral MoUs under elaboration and analysis.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>in order to coordinate regulatory and supervisory actions, among other issues. To date, the BCB has also signed 20 bilateral agreements (“memoranda of understanding” – MoUs) with foreign supervisory authorities for the exchange of information (three of them signed in 2012). These MoUs have supported inspections in foreign units of Brazilian banks, inspections in Brazilian units of foreign banks, the participation in supervisory colleges and the exchange of information. Brazil was fully compliant with BCP 25 in the last FSAP/ROSC assessments (the report was published in July, 2012).</p> <p>Web-links to relevant documents: http://www.imf.org/external/pubs/ft/scr/2012/cr12207.pdf</p>	

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12 (16)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the October 2006 BCPs 1 and 23 or, if more recent, the September 2012 BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : [No response]	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(17)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)		Short description of the content of the legislation/ regulation/guideline: Brazil was partially compliant with BCP1 and fully compliant with BCP23 in the last FSAP/ROSC assessments (the report was published in July, 2012). Specifically in relation to mandates, tools and powers for supervision, the Detailed Assessment Report on BCP reads: “The Brazilian legal framework provides adequate support for banking supervision. The BCB operates independently and has the authority to impose sanctions, preventive corrective action and to resolve weak banks, including their liquidation.” The BCB defines its supervision programs and allocates resources according to its attributions, as defined by Law	
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.		

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				<p>4.595/1964 (Banking Law). The BCB has a well-defined banking supervision process, supported by a legal framework that grants the BCB broad enforcement powers for corrective action and resolution of weak banks. The main instruments are: a) Law 4,595/1964 (the Banking Law; it establishes that the BCB has the autonomy to set its technical and administrative framework); b) Complementary Law 105/2001 (regarding access to banking information and confidentiality); c) Law 6,024/1974 (regarding banking resolution); d) Decree-law 2,321/1987 (regarding the special administration regime) and e) Law 9,447/1997 (regarding responsibility of controllers and independent auditors). One important development regarding the regulatory environment was the enactment of Resolution CMN 4,019/2011, which prescribes preventive prudential measures to be demanded by supervision in order to ensure the robustness, stability and regular functioning of the National Financial System. The aforementioned legal provisions grant supervisors adequate powers to carry out their duties. In addition, the BCB performs stress tests on a monthly basis for market risk, credit</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>risk and direct contagion risk as well as stress tests for liquidity risk on a daily basis. Results are published semi-annually in the Financial Stability Report. Financial institutions are required to have in place a framework for the management of credit, market and operational risks. Such framework must provide an assessment of new products and services from a risk-based perspective.</p> <p>Web-links to relevant documents: http://www.imf.org/external/pubs/ft/scr/2012/cr12207.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (18)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ³ and private pools of capital to limit the build up of systemic risk. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
19)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2013 Short description of the content of the legislation/ regulation/guideline: In 2011, the BCB established the Financial Stability Committee (Comef), which is responsible for assessing systemic risks and proposing risk mitigation policies. The BCB is also working on indicators of financial system stability from a macro-prudential perspective in order to help Comef decisions on the timing of deployment of macroprudential measures, including the	Expected commencement date: Web-links to relevant documents:

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Basel III countercyclical capital buffer. According to Law 4,595/1964 and Complementary Law 105/2001, the BCB may request any information from financial institutions. Legal provisions also allow the BCB to sign agreements with other authorities, both in Brazil and abroad, in order to exchange information and to coordinate joint supervisory actions. According to Resolution CMN 3,883/2010, the provision of incorrect information or the absence of information in specified time limits and conditions established in laws and regulations may give cause to the imposition of penalties for financial institutions and their managers.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level... (Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p>	<p>Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.</p> <p>Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Establishment of a methodology to monitor the national financial system from a macroprudential perspective and feed into the regulatory decision process.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p>	<p>Planned actions (if any):</p> <p>Aiming at the treatment of domestic systemically important banks (D-SIBs), the BCB is developing a methodology to quantify the systemic importance of an institution, considering size, interconnectedness, substitutability/infrastructure and complexity, in line with the framework for dealing with D-SIBs issued by the Committee in 2012. Another BCB working group is developing a methodology to support decisions on the size of the countercyclical buffer (triggers for turning on and off, buffer levels, etc.) and the timing of deployment of other macroprudential measures.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(21)		<p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF paper on Macroprudential policy, an organizing framework (Mar 2011).</p>	<p>Monitoring of the national financial system is frequent and includes a macroprudential perspective. Information is sent to Comef bimonthly meetings, encompassing sources of risk in the financial system and shadow banking (as well as contagion channels), and analysis of potential vulnerabilities related to developments in corporate and external sectors . Based on information filed by supervised institutions as well as by</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>custody services and clearing houses, the BCB periodically performs stress tests for the purpose of monitoring financial stability. Stress tests aim at determining the possible effects of variations in the prices of certain market parameters (e.g. loans, interest rates, exchange rates) in the solvency of the financial system as a whole. Stress tests may be performed on an individual basis or for financial conglomerates. The BCB has also developed a methodology for monitoring nationwide changes in real estate prices. The filed information allows the BCB to verify the prices at which supervised institutions trade their portfolio of marketable securities (acquired or issued). In March 2013, CMN regulation incorporating Basel III principles was published, including the introduction of a countercyclical buffer as a macro-prudential tool. Some other recent macro-prudential measures include: (1) Increase in capital requirements for consumer loan exposures involving longer maturities and higher loan-to-value ratios. The risk weight for such exposures was raised from 100% to 150%; (2) levying a non-remunerated reserve requirement on short spot FX positions above a specified limit; and (3) Establishment of a minimum</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>payment for credit card bills. A non risk-based leverage measure is already applied solely for purposes of monitoring. Financial institutions are required to register OTC derivative instruments but no initial margins or haircuts are involved. Securities financing transactions are carried out exclusively through clearing and settlement systems, which provide for collateral arrangements.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	<p>Jurisdictions can make reference to the following BCBS documents:</p> <ul style="list-style-type: none"> • Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010) • Good Practice Principles on Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Cooperation agreement between BCB and CVM and creation of a coordination committee (Coremec).</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2006</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>An agreement for information-sharing between the banking regulator (BCB) and the capital markets regulator (CVM) is in place. Also, banking, capital market and insurance regulators established a specific high-level coordination committee of financial authorities (Coremec).</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (23)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2012	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(24)		National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs; • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) ; and • Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012) .	Short description of the content of the legislation/ regulation/guideline: Enactment of Rule CVM 521 in 2012 completes the steps taken for compliance to international standards concerning CRAs. Web-links to relevant documents:	
(25)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p>	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2009</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>According to Law 4,595/1964 (Banking Law), the BCB regulates, supervises and sets accounting standards for financial institutions. Financial institutions have applied IFRS accounting principles on a consolidated basis since 2010.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (28)</p> <p>(29)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2001</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The BCB regulation states that financial institutions are responsible for evaluating properly fair value, which must be established based on consistent criteria and available for auditing, with data collected independently.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's Principles for the supervision of financial conglomerates (Sep 2012) and the following BCBS documents:	Implementation ongoing or completed <i>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification:</i>	Planned actions (if any): The BCB supervision areas (both on-site and off-site) are raising banking stress testing practices and regulation requirements, which may indicate the necessity of changes in current regulation. The BCB is undertaking impact studies of the LCR and plans to issue regulation on its calculation by the end of 2013. Considering the BCBS guidelines and banking industry practices, the BCB is reviewing its supervisory practices, under the current regulatory framework, in order to adopt any actions deemed necessary. New econometric models, an indirect contagion risk model and counterparty credit risk model are under development at the BCB. There are also plans to integrate tools like stress testing, contagion risk assessments and models of probability of default. The follow-up of the timeline for implementation of the framework for managing capital requirements, as established by Resolution CMN 3.988/2011 and Circular BCB 3.547/2011 is ongoing. Data from 65 financial institutions is being collected; Icaap processes are expected to be concluded
(33)	National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	<ul style="list-style-type: none"> • Principles for effective risk data aggregation and risk reporting (Jan 2013) • The Liquidity Coverage Ratio (LCR) (Jan 2013) • Principles for the sound management of operational risk (Jun 2011) • Principles for sound stress testing practices and supervision (May 2009) 	<input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Continuous monitoring of liquidity risk		
(34)	Regulators and supervisors in emerging markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 thematic peer review report on risk governance .	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Continuous monitoring of liquidity risk Status of progress : Reform effective (completed) as of : 2012 Short description of the content of the legislation/ regulation/guideline: Regulation issued by the CMN prescribes the adoption of risk management procedures for all financial institutions concerning credit, market, operational and liquidity risks, according to recommendations issued by the BCBS. The BCB promoted a Quantitative Impact Study (QIS) of short-term resilience of the liquidity risk, in order to assess the impact of the adoption of the LCR proposal on the Brazilian financial system. Resolution CMN 3,988/2011		
(35)	We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)				

⁴ Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>established that financial institutions must implement until 2013 a framework for capital management, including an Internal Capital Adequacy Assessment Process (Icaap). Circular BCB 3,547/2011 required that Icaap procedures must include, among other aspects, the conduction of stress tests and their impacts on capital. Such framework is to be implemented by supervised institutions during a timeline starting in Jan 2012 and ending in Jun 2013. Even before such prescription, stress tests across the national financial system have been periodically carried out by the BCB, considering both specific and macro shocks. Other regulations regarding the management of credit, market and operational risks require financial institutions to conduct stress tests. Resolution CMN 4,090/2013 established that financial institutions supervised by the BCB must implement an adequate framework for managing liquidity risk, in accordance with the complexity and volume of their operations. Guidelines were set for implementing liquidity controls. Apart from that, Brazil implemented in 2002 a highly automated system of payments (Brazilian System of Payments-SPB), based on real-time settlement. This system provides an advanced environment for banks to</p>	<p>by June 2013 and Icaap reports are expected to be finished by September 2013.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>control their intra-day liquidity and employs a delivery-versus-payment model, which reduces transaction risk and, consequently, systemic risk. During daily management of cash, the settlement of operations is prevented in case of an insufficiency of funds in the reserves account of a financial institution at the BCB. The SPB allows the BCB to gather information on banks' assets and liabilities from sources like the BCB-operated systems for funds transfer (Reserves Transfer System–STR) or for settlement of repo operations (Special System for Settlement and Custody–Selic), as well as from private clearing houses, in order to monitor liquidity risk on a daily basis. Besides that, the on-site supervision of liquidity risk management takes place periodically or as a specific supervisory work as a result of an early warning of weakness provided by the off-site monitoring department. Resolution CMN 3,488/2007 sets a limit to the exposure in foreign currencies and gold. This limit is set at 30% of Regulatory Capital on a consolidated basis. Netting is permitted by currency and partially across strongly correlated currencies. To this net exposure is added the net cross border exposure in different jurisdictions (Brazil vs. foreign countries). Off-balance sheet items must be considered</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>when calculating the exposure. Banking supervision has taken a stance on adopting a more critical view on the role of liquidity lines from foreign sources in contingency plans. Resolution CMN 3,622/2008 deals primarily with financing of foreign trade funded in Brazilian external reserves, regulating the provision for collateralized foreign currency loans to the financial system. Circular BCB 3,474/2009 establishes procedures for a better monitoring of foreign exchange exposures, requiring the mandatory registration in Brazilian clearing systems of derivatives contracted by Brazilian banks' foreign branches, in order to increase transparency in derivatives operations.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Brazilian banks did not suffer significant asset losses since the onset of the crisis and are generally well capitalized. As a consequence, a few banks have raised new capital in the form of hybrid instruments as an adaptation to the new Basel III rules rather than to cover past losses.</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>The supervisory authority regularly checks if requirements are met, as well as the quality and adequacy of disclosures in the financial statements of financial institutions, including the IFRS 7 and, starting in 2013, IFRS 13.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2009</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In 2009, Circular BCB 3,477 established a set of comprehensive requirements aiming at the improvement of information disclosure on risks faced by financial institutions, in line with Pillar 3 recommendations of Basel II. Quantitative information about risks, including in exposures arising from securitization, must be released quarterly, while information of a qualitative nature,</p>	<p>Planned actions (if any):</p> <p>A revision of Circular 3,477, of 2009, is under way in order to comply with new disclosure requirements in Basel III (Pillar 3).</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>especially when related to risk management procedures, must be reported at least annually. At the same time, the decision to adopt international accounting standards favoured the alignment of accounting information disclosure requirements with prudential ones, including the disclosure of losses incurred.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Resolution CMN 4,087/2012, as amended by Resolution CMN 4,115/2012 consolidates the statute and regulation of the Brazilian deposit insurance (Fundo Garantidor de Créditos - FGC).</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2007 Short description of the content of the legislation/ regulation/guideline: Brazil is compliant with all five IOSCO recommendations on market integrity and efficiency: Rec.1: Rule CVM 461/2007 establishes principles for equitability and competition; Rec.2: There are trading control procedures (circuit breaker, auctions). Rule CVM 168/1991 and Stock Exchange Rules. Rec.3: There are no unregulated entities participating in direct trading mechanisms and clients with direct access have orders filtered. Recs.4, 5: CVM has recently improved surveillance by a new market surveillance system. In addition, it is worth mentioning that there are no dark pools	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>systems active in Brazil.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	<p>Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.</p> <p>See, for reference, IOSCO’s report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the report published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2007</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The regulatory framework ensures full compliance with IOSCO recommendations regarding enhanced market transparency in commodity markets. Since the 1990s all derivatives (both exchange-traded and over-the-counter -OTC) must be registered, and Law 10,303/2001 brought all derivatives contracts to CVM jurisdiction. Law 12,543/11 expressly states that non-registered contracts are illegal Rule CVM 461/2007 grants CVM powers to cancel trades that might be regarded as a breach of the law or as a violation of any rules in the organized market. CVM only approves commodity derivatives contracts whose price reporting process</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>of underlying assets follows a robust and verifiable methodology. Spot reference prices for settlement purposes are published daily by the Exchange (BM&FBovespa), and the price reporting methodology has received ISO 9001:2008 certification in 2011.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	<p>We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)</p> <p>We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)</p>	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Coordination between Brazilian authorities in order to set up a LOU in Brazil.</p> <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>As the identification of legal entities must cover not only the financial ones but all kinds of institutions and given the fact that Brazilian legal entities are already attributed a sole identification number by the fiscal authority, the BCB and the Ministry of Finance are coordinating efforts to address this issue. The BCB intends to join the ROC in the near future.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011) .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Creation of a National Strategy for Financial Education</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Brazil partially fulfils the High Level Principles on Financial Consumer Protection and is working on the improvement of the institutional framework for consumer protection. Responsibilities for this topic are currently shared between the BCB (the bank supervisor), CVM (the securities regulator) and the Ministry of Justice (handling of consumers complaints). A national strategy for financial education was established by Decree 7,397/2010. For many years now the CMN, the BCB</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>and CVM have issued regulation aiming at the improvement of relationship with customers of financial services, including the following aspects: i) transparency (standardized disclosure of service fees and cost of loans, information on bank fees, rates and complaints on BCB's website); ii) suitability; iii) reduction of switching costs (mandatory availability of personal data, simplified transfer of loans, salary transfer to other banks, free of charge); and iv) mandatory customer service (ombudsman). In 2011 CVM upgraded existing regulation concerning autonomous agents which are employed by securities dealers to deal directly with customers.</p> <p>Web-links to relevant documents:</p>	

XII. Source of recommendations:

[Los Cabos: The G20 Leaders Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

BCB: Central Bank of Brazil

CMN: National Monetary Council

Comef: Financial Stability Committee

Coremec: Committee for Regulation and Supervision of Financial, Capital, Insurance, Pension Funds and Capitalization Markets

CVM: Securities and Exchange Commission of Brazil SFN: National Financial System