

## 2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
Germany

I1: Hedge funds - Registration, appropriate disclosures and oversight of hedge funds

### **G20/FSB Recommendations**

*We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)*

*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)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

## I2: Hedge funds - Establishment of international information sharing framework

### G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
22.07.2013
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Guidelines on the model Memoranda of Understanding (MoU) concerning consultation, cooperation, and the exchange of information related to the supervision of Alternative Investment Fund Managers Directive (AIFMD) entities.
Other actions: BaFin cooperates and shares information with authorities on the basis of relevant IOSCO and ESMA MoU. Besides that, the AIFM Directive demands the closure of cooperation agreements (MoUs) in case of existing Alternative Investment Funds (AIF) business with third country National Competent Authorities (NCAs). The content of the MoU is regulated by an ESMA Guideline. The purpose of these agreements is to enable the signatories to exchange information on a regulated basis. It covers all AIFs including hedge funds. So far, the BaFin has entered 20 AIFMD MoU agreements. The full list of all signatories is available on: <a href="http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Merkblatt/WA/mb_130722_internat_koopvereinbarungen_kagb_en.htm">http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Merkblatt/WA/mb_130722_internat_koopvereinbarungen_kagb_en.htm</a>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
The content of the ESMA AIFMD Model MoU is available at: <a href="https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-998_guidelines_on_the_model_mou_concerning_aifmd.pdf">https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-998_guidelines_on_the_model_mou_concerning_aifmd.pdf</a>

### 13: Hedge funds - Enhancing counterparty risk management

#### G20/FSB Recommendations

*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)*

*Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

### 14: Securitisation - Strengthening of regulatory and capital framework for monolines

#### G20/FSB Recommendations

*Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

### 15: Securitisation -Strengthening supervisory, best practices for investment in structured products

#### G20/FSB Recommendations

*Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)*

#### Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer- Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
31.12.2010
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
For financial institutions (esp. banks) the requirements in Germany for risk management, including the new product process, have been enhanced. Financial institutions must have a clear understanding of the products and the risk profile of all investments. Investment products have to be examined adequately in the internal risk management processes (risk measurement, limit system, stress testing, etc.) and the internal capital adequacy assessment process. Furthermore, the investment in structured products has to be in line with the strategy of the institution. The respective enhancements of EU legislation (CRD) had been transposed into German law, e.g., the strengthened management requirements for structured investment products and further due diligence requirements, especially for re-securitisations. These due diligence requirements had with effect from 01.01.2014 been replaced by the almost identical rules of Article 406 of Regulation (EU) No 575/2013, which have with effect from 01.01.2019 been replaced by the very similar requirements of Article 5 of Regulation (EU) 2017/2402 (Securitisation Regulation).
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2402">https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2402</a>

## II6: Securitisation - Enhanced disclosure of securitised products

### G20/FSB Recommendations

*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)

### Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO's [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2019
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
As of 01.01.2019, the Securitisation Regulation (EU) 2017/2402 is applicable that entered into force at the beginning of 2018 and applies to all securitisations across regulated financial sectors and includes due diligence, risk retention and transparency rules together with the criteria for Simple, Transparent and Standardised ("STS") Securitisations (see: <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2402">https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2402</a> ).
In addition, the disclosure requirements under Part 8 Title 2 of Regulation (EU) 575/2013 (CRR 2) are applied to credit institutions.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
Regarding securitisations across regulated financial sectors: <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2402">https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2402</a> Regarding credit institutions: <a href="https://eur-lex.europa.eu/legal-content/En/ALL/?uri=celex:32013R0575">https://eur-lex.europa.eu/legal-content/En/ALL/?uri=celex:32013R0575</a>

### III7: Enhancing supervision - Consistent, consolidated supervision and regulation of SIFIs

#### G20/FSB Recommendations

*All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)*

#### Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are [monitored separately](#) by the BCBS.

See, for reference, the following documents:

#### BCBS

- [Framework for G-SIBs \(Jul 2018\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

#### IAIS

- [Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector \(Nov 2019\)](#)
- [Application Paper on Liquidity Risk Management \(Jun 2020\)](#)
- [Draft Application Paper on Macroprudential Supervision \(Mar 2021\)](#)

#### FSB

- [Evaluation of the effects of too-big-to-fail reforms \(Mar 2021\)](#)
- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2011 (entry into force of Bank Restructuring Act). For CCPs August 2012 (EU-Regulation no. 648/2012 EMIR).
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Under EMIR and the relevant RTS the CCPs are under supervision of BaFin ("Bundesanstalt für Finanzdienstleistungsaufsicht") as competent authority and Deutsche Bundesbank responsible for ongoing supervision and in its oversight function. Insurance: Mirroring the banking regulations insurance groups as well have to regularly submit to BaFin the calculation of the group solvency margin (Article 218 sec. of the Solvency II Directive), the system of governance (Article 246 of the Solvency II Directive) and a report about risk concentration (Article 244 of the Solvency II Directive), important intragroup transactions and a report about risk concentration (Article 244 of the Solvency II Directive). Within the relevant scope, financial firms have been asked to provide BaFin with a draft contingency and de-risking plan in early 2010. The results were already discussed and further work has been initiated to refine the planning. Banking sector: On 1 January 2011 the "Bank Restructuring Act" came into effect. The EU Directive 2014/59/EU (BRRD) and its implementation in German law (by way of the German Act on the Recovery and Resolution of Institutions and Financial Groups (Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen, SAG)) are an important part of supervision and regulation of SIFIs. The BRRD contains requirements for recovery and resolution of credit institutions and investment firms. Thereby, the Directive ensures a harmonisation of the procedures for resolving institutions at Union Level. The SAG entered into force on 1 January 2015. At the EU level, the Single Resolution Mechanism Regulation has entered into force on 1 January 2016. Consequently, the Single Resolution Board (SRB) is the EU resolution authority and responsible for the resolution of significant institutions as well as less-significant cross-border groups in the Banking Union, while the national resolution authority is responsible for national (non-cross-border) less significant institutions (LSIs). With effect from 1 January 2018, the function of the national resolution authority of the Financial Market Stabilisation Agency (Bundesanstalt für Finanzmarktstabilisierung - FMSA), was incorporated into the Federal Financial Supervisory Authority (BaFin). Since that date, BaFin is the national resolution authority as well as national supervisory authority, whereby the resolution directorate is organizationally separated from the supervisory directorate of the BaFin. The supervisory directorate is responsible for the ongoing supervision (regarding SIs in its role as part of the Joint Supervisory Teams), including the assessment of recovery plans (according to the national implementation of the BRRD, in agreement with the Deutsche Bundesbank). The resolution directorate is responsible for drawing up of the resolution plans as well as for assessing of the resolvability of the respective banks, in this context, the resolution directorate consults the supervisory directorate. Moreover, usually the responsible supervisory authority determines whether an institution is failing or likely to fail after consulting the responsible resolution authority. Finally, provided that all conditions for resolution are fulfilled, the resolution authority applies the resolution tools to the respective institutions. On 28 December 2020 the SAG was amended to implement the requirements of the BRRD 2 (Directive(EU) 2019/879) and the FSB 2015 TLAC term sheet. For CCPs, the CCP Recovery and Resolution Regulation (Regulation (EU) 2021/23) came into force on 12 February 2021 which foresees similar provisions for CCPs as the BRRD for banks. Germany enacted national provisions with CCP specific recovery and resolution tools in the SAG which are applicable since 28 March 2020 and until full applicability of the CCP Recovery and Resolution Regulation. A supplementary supervision applies to financial conglomerates. Financial Conglomerates Directive (2002/87/EC) has been amended by Directive 2011/89/EC which has been transposed into the Financial Conglomerates Supervision Act of 27 June 2013 (FKAG). The FKAG comprises the supervision of capital adequacy, risk concentration, intra-group transactions, internal control mechanisms and risk management processes at the level of financial conglomerates. Financial conglomerates are broadly defined as groups with significant cross-sectoral activities. EMIR: Mainly in Title III, IV and V. Title III: Authorisation and Supervision of CCPs, in particular, Art. 14 EMIR (Authorisation process), Art. 15 EMIR (Extension of activities and services of CCPs), Art. 16 (Capital requirements), Art. 18 (Colleges). Title IV: Requirements for CCPs, in particular Art 26 (General provisions), Art. 28 (Risk committee), Art. 31 (Information to competent authorities), Art. 34 (Business continuity), Art. 35 (Outsourcing). Title V: Interoperability arrangements, in particular Art. 52 (Risk management). Other actions: Minimum Requirements for Risk Management (MaRisk, Internal BaFin, but applies only to Eurex Clearing AG). Banking sector: With the start of the Single Supervisory Mechanism (SSM) on 4th November 2014 ECB has assumed direct supervisory authority regarding significant institutions. In terms of CCPs the ECB has classified them as high priority - less significant institution (hp-lsi). In this respect the ECB has left the supervision of CCPs with the competent authorities, i.e. for Germany BaFin, but preserved the right to draw up the supervisory competence. Supervisory strategy and core themes regarding SIFIs therefore will presumably largely be determined by the ECB. Especially, ECB is responsible for supervisory decisions. Yet, within the framework of the Joint Supervisory Teams (JST), composed of ECB but also NCA/NCB staff to a large extent, BaFin and Bundesbank strive to proactively participate in the joint supervisory effort including formal decisions. Moreover, as members of the Supervisory Board which plans and carries out the SSMs supervisory tasks and pro-poses draft decisions for adoption by the ECBs Governing Council, NCAs are involved in the SSMs decision.

For further information on identification / higher loss absorbency, please refer to the EU-COM answer. In order to come into effect, the CRD IV provisions which were finalized in July 2013 required a further transposition into national law. The amendments to the German Kreditwesengesetz passed the Federal Council by late June 2013 and enter into force by 1 January 2014. More intensive supervision: Prudential supervision is carried out with respect to banking and financial holding groups with regard to the groups solvency, its compliance with large exposure limits and its investments outside the financial sector (Section 10, German Banking Act, Article 89-91, 387-403 CRR). The scope of consolidation encompasses all institutions, investment firms, financial institutions, ancillary services undertakings, e-money-institutions and payment services institutions belonging to the group as well as where applicable the superordinated financial holding company (Article 11 ff. CRR, Section 10a ,German Banking Act). In addition, all these groups have to report on risk concentrations and intra-group transactions (Section 13c, German Banking Act, Article 394 CRR).

Based on the promulgation of the "banking package" in the Official Journal of the European Union on 7 June 2019 the German Risk Reduction Act (Risikoreduzierungs-gesetz) came into force on 14 December 2020. The Risk Reduction Act is an omnibus act and envisages the implementation of CRD V an BRRD II and the strengthening of the proportionality in the banking sector, in particular, by amendments to the German Banking Act (Kreditwesengesetz) and the German Act on the Recovery and Resolution of Institutions and Financial Groups (Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen). In particular, these



amendments include adjustments to capital buffer requirements according to sections 10b et seq. of the German Banking Act and the introduction of a uniformly applicable provision for the classification of an institution as potentially systemic relevant (section 12 of the German Banking Act). Moreover, provisions on supervisory measures aiming to improve the own funds and the liquidity resources of an institution have been amended. With respect to the German Act on the Recovery and Resolution of Institutions and Financial Groups, adjustments mainly encompass new provisions on the setting of minimum requirements for own funds and eligible liabilities (MREL; sections 49 et seq.) and the definition of liabilities that are subject to bail-in (sections 89 et seq.). Furthermore, the provisions in the Minimum Requirements for Risk Management are also addressing consolidated risk management for all material risks and their coverage at the group level for banking and financial holding groups as well as financial conglomerates (MaRisk, Section AT 4.5.) With regard to the global systemically important institutions (G-SII) and other systemically important institution (O-SII) the legal basis for the identification of those institutions and the authorisation for the competent authority to impose a capital buffer is laid down in sections 10f and 10g of the German Banking Act (KWG). The methodology for the identification of G-SIIs is laid down in the delegated regulation (EU) No 1222/2014 of the European Commission. In December 2014 the European Banking Authority (EBA) published guidelines on the identification of O-SIIs to ensure a consistent identification of O-SIIs in EU (EBA GL/2014/10). Based on EBA GL/2014/10 BaFin together with Bundesbank designated 13 institutions as O-SIIs in 2020 and imposed capital buffers (CET 1) in a range of 0.25% to 2.0% which will have been phased in from 2017 to 2019. Under the CRD, in the case that an O-SII might be also designated as G-SII only the higher capital buffer of the O-SII and the G-SII buffer applies. CCP sector: With the start of EMIR, all European CCPs had to pass through an authorisation process. Eurex Clearing AG (ECAG) and European Commodity Clearing AG have been authorised in early 2014.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Central Counterparties (CCPs) / Central Security Depository (CSD): BaFin is contributing to the respective policy work, has started the resolution planning for the major CCP and the CSD incorporated in Germany.

Insurance sector: BaFin is examining whether the currently available instruments for recovery and resolution are sufficient for the national insurance sector or if additional ones are needed. According to primary estimations, preventive recovery plans appear to be a sensible instrument for which § 26 of the Insurance Supervision Act (Versicherungsaufsichtsgesetz) provides a sufficient legal basis.

Relevant web-links: please provide web-links to relevant documents

BRRD Umsetzungsgesetz: [http://www.bundesfinanzministerium.de/Content/DE/Downloads/Gesetze/2014-12-18-BRRD-Umsetzungsgesetz.pdf?\\_\\_blob=publicationFile&v=5](http://www.bundesfinanzministerium.de/Content/DE/Downloads/Gesetze/2014-12-18-BRRD-Umsetzungsgesetz.pdf?__blob=publicationFile&v=5)

Risikoreduzierungsgesetz:

[https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze\\_Gesetzesvorhaben/Abteilungen/Abteilung\\_VII/19\\_Legislaturperiode/2020-12-14-Risikoreduzierungsgesetz/3-Verkuendetes-Gesetz.pdf?\\_\\_blob=publicationFile&v=2](https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_VII/19_Legislaturperiode/2020-12-14-Risikoreduzierungsgesetz/3-Verkuendetes-Gesetz.pdf?__blob=publicationFile&v=2)

### III8: Enhancing supervision - Establishing supervisory colleges and conducting risk assessments

#### G20/FSB Recommendations

*To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)*

*We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.



### III9: Enhancing supervision - Supervisory exchange of information and coordination

#### G20/FSB Recommendations

*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)*

*Enhance the effectiveness of core supervisory colleges. (FSB 2012)*

#### Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on 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.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2011. For CCPs in 2014.
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Other actions: BaFin has established an internal cross sectoral strategy and risk committee that analyses and monitors cross-sectoral and major sector-specific risks that might pose a threat to financial stability. As well, it constitutes the internal interface between micro- and macroprudential financial supervision with a strategic horizon. The BaFin strategy and risk committee consists of participants of each of BaFins directorates and high-level representatives from Deutsche Bundesbank. It meets at minimum on a quarterly basis. Within each of BaFins directorates exist structures that monitor sector-specific risks and transfer relevant information into the cross-sectoral strategy and risk committee: In BaFins Banking Supervision Directorate there have been implemented structures that are responsible for collecting and analysing information and undertaking best practice studies. As well, it facilitates coordination with the Banking Supervision Directorate of Deutsche Bundesbank (e.g. Committee for the ongoing supervision / GLA, Working Group on risk-oriented supervision). Bundesbanks Risk Analysis Division (as part of the Banking Supervision Directorate) cooperates closely with the BaFin regarding risk analysis projects or banking sector surveys. In BaFins Insurance Supervision Directorate risk identification, risk-analysis and risk-monitoring are carried out by a special section dealing with the risk orientation of insurance supervision. BaFins Securities Supervision Directorate has set up a working group to identify, monitor and address systemic risks resulting from the securities markets. The Commission Implementing Regulation 620/2014 and the Commission Delegated Regulation (EU) No. 524/2014 - both coming into effect in the first half of 2014 - contributed to enhanced and more detailed information, communication and cooperation of competent and relevant NCAs with regard to the banking groups foreign activities. In addition to regular bilateral contacts, supervisory colleges, especially core colleges, are also a major tool for the exchange of information and coordination among competent NSAs regarding individual institutions. Overarching issues in contrast are addressed through many multilateral initiatives, for example the European Supervisory Authorities (i.e. EBA, EIOPA and ESMA) the BCBS, FSB working groups, IAIS, etc. Since the implementation of the SSM in November 2014, there is also a steady flow of information between BaFin/Bundesbank and the ECB via the Joint Supervisory Teams and several working groups. At the end of 2014, Germany has signed bilateral MoUs with more than 60 NSAs in the banking sector and some 30 NSAs in the insurance sector and more than 40 in the securities sector. For CCPs: Exchange of CCP related information to College members (including ESMA) and ECB. The College members and the ECB have therefore signed written agreements and bilateral MoUs with BaFin and Deutsche Bundesbank. BaFin liaises with the national Financial Stability Committee (FSC) via its secretariat. The secretariat coordinates all relevant work regarding the national FSC within BaFin and ensures exchange of information on an ongoing basis.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

### III10: Enhancing supervision - Strengthening resources and effective supervision

#### G20/FSB Recommendations

*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)*

*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)*

*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)*

#### Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Implementation generally ongoing. For CCPs: 2013/2014.
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

BaFin has created new FTEs across all relevant sections and has built up a section for financial technological innovations in the department "Strategy and Risk". The duties of this section include inter alia the development of approaches on how to deal with financial innovation and finding appropriate answers for the complex questions affecting this industry, inter alia in the context of big data and artificial intelligence (analyses, algorithms etc.) and distributed ledger technology (tokens, tokenization etc.). Furthermore, this section is the connecting element for the interdisciplinary FinTech-network within BaFin (with colleagues from banking, insurance, securities markets supervision as well as consumer protection, anti-money laundering, unauthorized business, communications, international affairs and strategy and risk). The section for financial technological innovations became operational in 2017 and has already delivered substantial work results of which one will be described in more detail below.

On 15 June 2018 BaFin published the report "Big Data meets Artificial Intelligence" which contains the results of a study involving experts from Partnerschaft Deutschland, The Boston Consulting Group and the Fraunhofer Institute for Intelligent Analysis and Information Systems. The aim of the study was to obtain a comprehensive picture that will enable BaFin to identify strategic trends, market developments and newly emerging risks at an early stage and to address them appropriately in terms of effective supervision. The report highlights the implications of technology-driven market developments from a range of regulatory and supervisory perspectives. BaFin liked to engage in discussions about these findings with all the stakeholders concerned and therefore initiated a consultation process. The highly appreciated responses were analyzed and considered and aggregated results were published on 28 February 2019 (BaFinPerspectives Issue 1 | 2019).

Deutsche Bundesbank published a discussion paper on the use of artificial intelligence and machine learning in the financial sector (November 2020). The paper consists guidance and supervisory expectations regarding e.g. explainability, data requirements and risk management. In July 2021 Deutsche Bundesbank and BaFin published a consultation on machine learning in risk models to enter an industry dialogue on the concrete use of such models in Pillars I and II of the regulatory frameworks for banks and insurers. The paper is based on already published principles of BaFin and Deutsche Bundesbank.

Deutsche Bundesbank is helping FinTech firms by answering any inquiries regarding the necessity of obtaining a license for their services. Firms seeking guidance on their business model have always had the opportunity to contact the regional branches of Bundesbank, which are responsible for giving advice on the classification of business models with regards to any necessary regulatory requirements. Additionally Bundesbank is involved in various international and national working groups dealing with FinTech. The international working groups are at the Basel, ECB or ESA level. On the national level several working groups between Bundesbank and BaFin are dealing with questions regarding FinTech in their respective areas. To observe ongoing developments in the area of FinTech, Bundesbank is taking part in many national and international conferences. Other actions: BaFin is about to publish strategic qualification profiles regularly within the wider framework of its annual control circuit. These profiles are derived from the existing skill set and adapted to projected requirements, objectives and emerging supervisory practices over the short- and medium-term. The use of resources is subject to BaFins strategic prioritization. Key criterion is the expected outlay, which the respective regulation project will cause in the local financial sector. In order to fill the gap between existing and necessary skills and competencies, BaFin regularly offers relevant trainings and other relevant activities to its employees. These trainings and activities are planned in a regular HR-Process. This HR-Process includes the analysis of competency requirements. In order to secure and further promote skills, BaFin and Bundesbank meet the training needs of its banking supervision staff with various inhouse, ESCB-wide and external training opportunities (including ECS and FSI in Basel).

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

**Update and next steps: planned actions (if any) and expected commencement date**

European CCP Recovery and Resolution Regulation

**Relevant web-links: please provide web-links to relevant documents**

<https://www.bafin.de/dok/11146788> (BDAI report)  
<https://www.bafin.de/dok/11251536> (BDAI consultation process)  
<https://www.bafin.de/dok/11506544> (BDAI consultation results)

## IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

### G20/FSB Recommendations

*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 and private pools of capital to limit the build up of systemic risk. (London)*

*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)*

### Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2013

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Other actions: Since 1 January 2013, the Act on the Strengthening of German Financial Supervision is in force. It contains the Financial Stability Act (FinStabG): -The Financial Stability Committee has been installed encompassing three voting members of the Ministry of Finance (MOF, Chair), Deutsche Bundesbank and BaFin, each. Since January 2018, the Federal Agency for Financial Market Stabilisation has been integrated into BaFin. The Chief Executive Director of BaFins resolution directorate is a non-voting member of the Financial Stability Committee. The committee meets quarterly. The committees tasks resemble those of the ESRB, but with a national focus. The FinStabG confers a financial stability mandate upon the FSC, with a prominent role for Deutsche Bundesbank (incl. right of veto in decisions on warnings and recommendations). The FinStabG establishes reporting requirements and fosters information sharing within and between relevant institutions. The FinStabG responds to experiences gathered in the course of the most recent financial crisis and in particular to Recommendation ESRB/2011/3, Cf. also #12. In order to fully incorporate the revised requirements of the systemic risk buffer in CRD V, Section 10 e KWG was amended by the end of 2020. In addition, a new Section 36a will be added to the Solvability Ordinance in September 2021. Furthermore, BaFin declared to comply with the EBA guidelines on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a systemic risk buffer in accordance with Article 133(5)(f) of Directive 2013/36/EU.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents  
 Financial Stability Act: <https://www.bundesbank.de/resource/blob/618350/b457498ceed0fef3498e50d43783d06e/mL/act-monitoring-financial-stability-data.pdf>  
 ESRB Recommendation ESRB/2011/3:  
[http://www.esrb.europa.eu/pub/pdf/recommendations/2011/ESRB\\_2011\\_3.en.pdf?38c057b902aaa3e860b27c96df848eb3](http://www.esrb.europa.eu/pub/pdf/recommendations/2011/ESRB_2011_3.en.pdf?38c057b902aaa3e860b27c96df848eb3)

## IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macroprudential instruments

### G20/FSB Recommendations

*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)*

*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)*

*Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)*

### Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)
- IMF [Macroprudential Policy Survey database](#)

Progress to date:  
 Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

2013

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes  
 Regulation / Guidelines - No  
 Other actions (such as supervisory actions) - Yes



Progress to date: short description of the content of the legislation/regulation/guideline/other actions

The Bundesbanks toolkit for risk assessments includes an early warning model (with subcategories: domestic vulnerabilities, international spillovers), a stress indicator as well as a set of selected risk indicators. These are regularly updated and reported to the FSC (AFS). The national toolkit is complemented by ESRB instruments like the Risk Dashboard and Country Risk Assessment Report. This enables us to not only identify national vulnerabilities but to monitor and identify the potential build-up of risks or patterns of vulnerabilities across the Eurozone. Other actions: Regarding the established high-level Financial Stability Committee, please refer to answer #11 above. Monitoring capital market and asset prices and assessing their implications for the financial system and the macro-economy at large is part of financial macroprudential analyses in relevant German authorities, in particular Deutsche Bundesbank and BaFin in line with their respective mandates.

With the so called EU banking package, a binding 3% pillar 1 leverage ratio (LR) minimum requirement has become applicable as of June 28, 2021. Supervisory authorities can also apply pillar 2 bank-specific LR surcharges, and the G-SIB leverage buffer will apply from January 1, 2023 in line with the Basel timeline. The exemption of certain exposures to the institution's central bank from the LR calculation is possible under exceptional circumstances to facilitate the implementation of monetary policy. In the light of the COVID-19 pandemic, this exemption has been granted in the SSM for significant institutions and in Germany for less significant institutions by the respective competent authority until 31 March 2022. The corresponding adjustment of the minimum LR requirement is based on the central bank exposures as of end-2019, i.e. prior to the pandemic.

Risk-weighted capital buffers can be used to meet LR requirements and MREL/TLAC on leverage exposure measure (LR-EM) basis. According to the COM' notice, the upcoming G-SII LR buffer could also be counted towards MREL/TLAC on LR-EM basis. This multiple use of capital can render capital buffers (partially) ineffective.

The implementation of TLAC and the revised MREL framework also serve macroprudential purposes as one resolution objective is the safeguarding of financial stability. In the EU, the MREL deduction regime (for G-SII issuances) is less far-reaching than envisaged in the TLAC holdings standard which potentially increases the likelihood of contagion within the banking sector.

Legislation enabling BaFin to impose upon lenders certain minimum standards for the granting of new loans for the construction or acquisition of residential property when necessary for financial stability purposes, namely an upper limit for the ratio between all debt resulting from a residential property financing transaction and the market value of the residential property (loan-to-value ratio, LTV) and an amortisation requirement, entered into force in Germany on 10 June 2017.

In the meantime, significant progress has been made in two fields: a) a statutory order has been adopted further specifying definitions, procedures and the interaction of the Bundesbank and the BaFin for an appropriate legal application of the available borrower based measures; b) the adoption of another statutory order authorizing the Bundesbank to regularly collect data on lending standards from commercial lenders (banks, insurance corporations and capital management companies) by issuing a general administrative act (with an implementation period of 18 months). The act has been issued in September 2021 with a regular data collection starting in 2023, thereby enhancing the data basis available for risk monitoring and the appropriate use of macroprudential RRE instruments.

Moreover, BaFin has set a countercyclical capital buffer of 0.25% for Germany for Q3 2019. The countercyclical buffer rate is reviewed regularly. The decision about setting the buffer is based on an analysis of a variety of indicators. The key indicator, the development of the credit-to-GDP gap, i.e., the deviation in the ratio of lending to gross domestic product from its longterm trend, plays a decisive role and is completed by a number of additional indicators, e.g. on credit developments or real estate prices..

Deutsche Bundesbank and BaFin provide a detailed description of the methodology for the German CCyB and the indicator set in a published analytical paper. The decision to increase the CCyB buffer-rate to 0.25% was taken after the FSC addressed BaFin with a recommendation, taking additional indicators to the regular method into account. BaFin implemented the recommendation on 1 July 2019 and published its decision. Credit institutions would have needed to have built up the buffer in full by no later than the third quarter of 2020. In response to the effects of the corona pandemic, BaFin decided, after considering all available information, to reduce the countercyclical capital buffer to a rate of 0% as of April 01, 2020. On February 26, 2021, BaFin announced that it was unlikely to resolve an increase in the countercyclical capital buffer this year.

In addition, Germany has introduced a buffer for other systemically important institutions (OSII buffer). The buffer is effective from 1 January 2017 onwards and is currently affecting 13 institutions. The decision about setting the buffer is based on an analysis of a variety of factors, which can be separated in the categories size, importance for economy/substitutability, significant cross-border activities, and interconnectedness with the financial system. Thereby, the specific buffer for the single institution is calibrated in relation to all institutions in Germany.

Concerning indicators and methodologies used to identify systemic risks, the Bundesbank has developed an early warning indicator (EWI). The EWI is based on typical developments in the run-up to past crisis and tries to identify imbalances which could lead to a systemic banking crisis 5-12 quarters ahead. A binary crisis variable from the FSC/ESRB crisis database, as well as predictor variables covering the following channels are used: asset prices, credit developments, macroeconomic environment, and external/global imbalances.

As a complement to the EWI a financial stress indicator (FSI) has been developed using a principal component analysis based on 11 variables (interest spreads as well as measures of liquidity and volatility in the financial market). The EWI and FSI are augmented by other analytical tools such as Growth-at-Risk models (GaR).

As of August 2021, no borrower based measures (loan-to-value ratio and amortisation requirement) aimed at the potential financial stability risks stemming from the German residential real estate markets were activated. According to the current risk assessment, financial stability risks emanating from RRE have risen even through the corona crisis, however, new lending still does not pose an immediate threat to the financial stability in Germany that warrant supervisory action.

Financial stability risks are regularly assessed based on a system of indicators, price valuation models and the stress testing of residential mortgage portfolios of German banks.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey  
 The FSC has amended and updated its strategy end 2020. Furthermore, to increase transparency on its actions, it has established a new web-presence (<https://www.afs-bund.de> and <https://afs-bund.de/afs/EN/About-the-FSC/Strategy-and-rules-of-procedure/strategy-and-rules-of-procedure.html>) where you can find all relevant information, including its revised strategy.

Update and next steps: planned actions (if any) and expected commencement date  
 The FSC reviews its macro-prudential toolbox on an on-going basis. In addition, at the EU level, the reviews of the macroprudential framework and of the crisis management and deposit insurance framework have commenced.

Relevant web-links: please provide web-links to relevant documents  
[https://www.bundesfinanzministerium.de/Content/EN/Downloads/2015-06-30-FSC-Recommendation.pdf?\\_\\_blob=publicationFile&v=3](https://www.bundesfinanzministerium.de/Content/EN/Downloads/2015-06-30-FSC-Recommendation.pdf?__blob=publicationFile&v=3)  
 Decision concerning the countercyclical capital buffer: [https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Meldung/2019/meldung\\_190628\\_Antizyklischer\\_Kapitalpuffer\\_Allgemeinverfuegung\\_en.html](https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Meldung/2019/meldung_190628_Antizyklischer_Kapitalpuffer_Allgemeinverfuegung_en.html)  
 Analytical framework of the counter-cyclical capital buffer: <https://www.bundesbank.de/resource/blob/617868/6a3e844955eb265699751037bc6633a0/mL/the-countercyclical-capital-buffer-data.pdf>;  
 Transposition of EMIR into German law (German only): [http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger\\_BGBl&jumpTo=bgbl113s0174.pdf](http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl113s0174.pdf)  
<https://www.bundesbank.de/en/statistics/sets-of-indicators>  
<https://doi.org/10.1108/JERER-03-2016-0017>  
<https://www.bundesbank.de/en/publications/reports/financial-stability-reviews/financial-stability-review-2018-766586>  
 Exclusion of certain central bank reserves from the LR: <https://www.bankingsupervision.europa.eu/press/pr/date/2021/html/ssm.pr210618~6cae096a27.en.html>  
<https://www.bafin.de/dok/14739548>

### V13: Improving credit rating agencies (CRAs) oversight- Enhancing regulation and supervision of CRAs

#### G20/FSB Recommendations

*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)*

*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)*

*Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)*

*We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

## V14: Improving credit rating agencies (CRAs) oversight - Reducing the reliance on ratings

### G20/FSB Recommendations

*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)*

*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)*

*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)*

*We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)*

*We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)*

### Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
21.12.2014 (supplementary national implementation)

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
For information on Art. 5a of CRA Regulation (Overreliance on credit ratings by financial institutions), please refer to the EU-COM answer. German Federal Act to Reduce Overreliance on Ratings: In Germany, the Federal Financial Supervisory Authority (BaFin) is the Sectoral Competent Authority (SCA) within the meaning of Article 25a of Regulation (EC) No 1060/2009 (CRA Regulation). It is set out in Section 29(1) of the Banking Act (Kreditwesengesetz - KWG) and as well in Section 35(1) of the Insurance Supervision Act (Versicherungsaufsichtsgesetz - VAG) and Section 89(1) of the Securities Trading Act (Wertpapierhandelsgesetz - WpHG), that external auditors shall determine whether the credit institutions, the insurance undertakings and the investments firms have fulfilled the requirements of Art. 5a of the CRA Regulation. The audit reports have to be submitted to the BaFin.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Day-to-day implementation of the Good Supervisory Practices for Reducing Mechanistic Reliance on Credit Ratings (published in 2016 by the Joint Committee of the three European Supervisory Authorities).
Relevant web-links: please provide web-links to relevant documents
German Federal Act to Reduce Overreliance on Ratings, adopted in December 2014: <a href="http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&amp;jumpTo=bgbl114s2085.pdf">http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&amp;jumpTo=bgbl114s2085.pdf</a> Technical Advice on Reducing Sole and Mechanistic Reliance on Credit Ratings. Relevant documents since last years survey : Good Supervisory Practices for Reducing Mechanistic Reliance on Credit Ratings: <a href="https://esas-joint-committee.europa.eu/Publications/Reports/JC%202016%2071%20Final%20Report%20Good%20Supervisory%20Practices%20for%20Reducing%20Mechanistic%20Reliance%20on%20Credit%20Ratings.pdf">https://esas-joint-committee.europa.eu/Publications/Reports/JC%202016%2071%20Final%20Report%20Good%20Supervisory%20Practices%20for%20Reducing%20Mechanistic%20Reliance%20on%20Credit%20Ratings.pdf</a>

## VI15: Enhancing accounting standards - Consistent application of high-quality accounting standards

### G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of recognition, fair value measurement and disclosure requirements.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
15.12.2004 ("Accounting Enforcement Act") - Enforcement System in place since 1 July 2005)
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

For more information, please refer to the EU-COM answer.

Also, see the German „Gesetz zur Stärkung der Finanzmarktintegrität (Finanzmarktintegritätsstärkungsgesetz - FISG)“. This 2021 Act fundamentally reforms the financial reporting enforcement procedure by taking into account the fact that the procedure essentially serves the integrity and stability of the capital market and strengthens the confidence of investors in the German capital market. The reform is going to come into effect on 1 January 2022. Further information (in German) is available on the website of the German Federal Ministry of Finance: [https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze\\_Gesetzesvorhaben/Abteilungen/Abteilung\\_VII/19\\_Legislaturperiode/2021-06-10-FISG/0-Gesetz.html](https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_VII/19_Legislaturperiode/2021-06-10-FISG/0-Gesetz.html)

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

The European Securities Markets Authority (ESMA) amended its guidelines on enforcement of financial information. Following a 2017 peer review on the implementation of certain aspects of the Guidelines, ESMA decided to amend the Guidelines in order to further harmonise the way national competent authorities enforce the financial disclosures of European issuers.

German „Gesetz zur Stärkung der Finanzmarktintegrität (Finanzmarktintegritätsstärkungsgesetz - FISG)“

**Update and next steps: planned actions (if any) and expected commencement date**

For potential actions planned, please refer to the EU-COM answer.

**Relevant web-links: please provide web-links to relevant documents**

Web-links to relevant documents  
<https://www.eba.europa.eu/documents/10180/1842525/Final+Guidelines+on+Accounting+for+Expected+Credit+Losses+%28EBA-GL-2017-06%29.pdf>;  
<https://eba.europa.eu/documents/10180/2084796/Final+Report+on+Guidelines+on+uniform+disclosure+of+IFRS9+transitional+arrangements+%28EBA-GL-2018-01%29.pdf>;  
[https://www.esma.europa.eu/sites/default/files/library/esma32-50-218\\_guidelines\\_on\\_enforcement\\_of\\_financial\\_information.pdf](https://www.esma.europa.eu/sites/default/files/library/esma32-50-218_guidelines_on_enforcement_of_financial_information.pdf);  
[https://www.frep.info/docs/pressemitteilungen/2020/20201109\\_pm.pdf](https://www.frep.info/docs/pressemitteilungen/2020/20201109_pm.pdf) ;  
[https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze\\_Gesetzesvorhaben/Abteilungen/Abteilung\\_VII/19\\_Legislaturperiode/2021-06-10-FISG/0-Gesetz.html](https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_VII/19_Legislaturperiode/2021-06-10-FISG/0-Gesetz.html);  
[https://www.esma.europa.eu/sites/default/files/library/esma32-63-951\\_statement\\_on\\_ifrs\\_9\\_implications\\_of\\_covid-19\\_related\\_support\\_measures.pdf](https://www.esma.europa.eu/sites/default/files/library/esma32-63-951_statement_on_ifrs_9_implications_of_covid-19_related_support_measures.pdf);  
[https://www.eba.europa.eu/sites/default/documents/files/document\\_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20clarity%20to%20banks%20and%20consumers%20on%20the%20application%20of%20the%20prudential%20framework%20in%20light%20of%20COVID-19%20measures/Statement%20on%20the%20application%20of%20the%20prudential%20framework%20regarding%20Default,%20Forbearance%20and%20IFRS9%20in%20light%20of%20COVID-19%20measures.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20clarity%20to%20banks%20and%20consumers%20on%20the%20application%20of%20the%20prudential%20framework%20in%20light%20of%20COVID-19%20measures/Statement%20on%20the%20application%20of%20the%20prudential%20framework%20regarding%20Default,%20Forbearance%20and%20IFRS9%20in%20light%20of%20COVID-19%20measures.pdf)



## VII16: Enhancing risk management - Enhancing guidance to strengthen banks' risk management practice

### G20/FSB Recommendations

*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)*

*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)*

*Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)*

*We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)*

### Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;<sup>1</sup> and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

<sup>1</sup> Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
27.10.2017



Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Germany has transposed the FSB and BCBS recommendations in the Minimum Requirements for Risk Management ("Mindestanforderungen an das Risikomanagement", MaRisk; revised version for the banking sector published on 27.10.2017, circular 09/2017 (BA)) for financial institutions. Inter alia, the MaRisk require financial institutions to have sound stress testing practices and funding plans in place. Stress test results must be taken into account as part of the institutions internal capital adequacy assessment process and internal liquidity adequacy assessment process. Accordingly, banks stress testing practices form part of BaFins, Deutsche Bundesbanks and ECBs Supervisory Review and Evaluation Process (SREP). This information allows together with the LCR, NSFR and the additional liquidity monitoring metrics a thorough scrutiny of bank's risk management approaches in the SREP. LCR and NSFR components are also part of the guidance for the regular compilation of the risk profile of an institution and taken into account when judging an institutions liquidity management. In case of inadequate implementation banks are required to take remedial action. The implementation is then closely supervised. Principles for effective risk data aggregation and risk reporting (BCBS 239): BaFin and Bundesbank have transposed the requirements into national requirements and supervisory practice via the above mentioned amendment of the Minimum Requirements for Risk Management (other main issues addressed in the amendment are outsourcing, risk culture, credit- and operational risk management.). With regard to the reporting on Asset Encumbrance, a monitoring framework of the ITS data on Asset Encumbrance covering all German institutions pursuant to Article 100 in conjunction with Article 4 para. 1 no. 1 of Regulation (EU) No 575/2013 and para. 1 of Article 1a of the German Banking Act has been implemented in Q1 2015 to assess the level, evolution and types of asset encumbrance and related sources of encumbrance. In this context, in-depth analyses based on the ITS data have been conducted and will be updated on a regular basis. Data collection based on the EBA guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04) have been conducted since 2015 on an annual basis and will be repeated on an annual basis in the future (year-end data). Banking sector robust stress testing for institutions is required by the Minimum requirements for risk management. Supervisory stress tests are conducted on a regular basis. Germany participates in the EU stress tests conducted by EBA and ECB.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="https://www.bafin.de/SharedDocs/Downloads/DE/Rundschreiben/rs_1709_MaRisk_english.html?nn=9866146">https://www.bafin.de/SharedDocs/Downloads/DE/Rundschreiben/rs_1709_MaRisk_english.html?nn=9866146</a>

## VII17: Enhancing risk management - Enhanced risk disclosures by financial institutions

### G20/FSB Recommendations

*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)*

*We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)*

### Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 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](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
January 2007 (Effective date of IFRS 7). 1 January 2013 (Effective date of IFRS 13)
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Other actions: German supervisory authorities have strongly advised the relevant international banks and insurance companies to adhere to the various recommendations by the EDTF as well as the BCBS and informed industry about upcoming requirements at an early stage. Information from the main financial institutions shows that important banks have significantly improved their respective disclosure practices.

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

On 26 June 2019 the CRR II has been introduced. It includes all disclosure segments which were included in Phase I and II of the Basel Pillar 3 disclosure requirements - updated framework.  
Phase III (disclosure requirements for asset encumbrance, capital distribution constraints and the prudential treatment of problem assets) will be implemented at a later stage (at Basel level planned implementation is end of 2020). EU implementation will be thereafter.

Relevant web-links: please provide web-links to relevant documents

<http://www.bis.org/bcbs/publ/d356.pdf>; EBA-Guidelines: <https://www.eba.europa.eu/documents/10180/1696202/Final+report+on+the+Guide-lines+on+disclosure+requirements+under+Part+Eight+of+Regulation+575+2013+%28EBA-GL-2016-11%29.pdf/20370623-9400-4b5e-ae22-08e5baf4b841> Re: CRD IV implementation (= Basel III implementation): CRD IV Implementation Act: [http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger\\_BGBI&jumpTo=bgbl113s3395.pdf](http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBI&jumpTo=bgbl113s3395.pdf); Re: Requirements of Pillar 3 of Basel III. <http://www.bis.org/bcbs/publ/d309.pdf> Re: Phase 2 of the Consolidated and Enhanced Framework (consultation paper): <http://www.bis.org/bcbs/publ/d356.pdf> -  
The latest version (Pillar 3 disclosure requirements - updated framework) can be found under:  
<https://www.bis.org/bcbs/publ/d455.htm>

## VIII18: Strengthening deposit insurance - Strengthening of national deposit insurance arrangements

### G20/FSB Recommendations

*National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)*

### Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date:  
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
03.07.2015 the new German Law on Deposit Guarantee Schemes which transposes European Directive 2014/49/EU on Deposit Guarantee Schemes entered into force. The Act further strengthens depositors rights by implementing a faster payout (reduction from 20 working days to 7 working days) and by implementing clear rules on ex-ante financing of deposit guarantee schemes. Current national deposit insurance arrangements are compliant with the agreed set of international 18 Core Principles by IADI/BCBS.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
According to the Act on Deposit Guarantee Schemes, ongoing supervision of deposit guarantee schemes by BaFin is mandatory. BaFin is empowered to carry out on-site-inspections and counteract irregularities that may impair the proper handling of the compensation or jeopardise the assets accumulated for paying compensation. BaFin also monitors whether national regulation complies with international principles. BaFin also monitors whether national regulation complies with international principles in liaison with the revised IADI Core Principles and the self-assessment of compliance based on IADI's 2016 Handbook. No main gaps were identified. To this end, BaFin and Deutsche Bundesbank regularly receive broad information on the national deposit guarantee schemes (such as: on risk oriented contribution systems, monitoring procedures within the guarantee schemes, financial statements, stresses and strains of the funds).
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="http://www.gesetze-im-internet.de/einsig/">http://www.gesetze-im-internet.de/einsig/</a> <a href="http://www.gesetze-im-internet.de/entschfinv/">http://www.gesetze-im-internet.de/entschfinv/</a> <a href="http://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-payment-commitments">http://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-payment-commitments</a> <a href="http://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-methods-for-calculating-contributions-to-deposit-guarantee-schemes-dgss-">http://www.eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-methods-for-calculating-contributions-to-deposit-guarantee-schemes-dgss-</a> <a href="https://eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-stress-tests-of-deposit-guarantee-schemes">https://eba.europa.eu/regulation-and-policy/recovery-and-resolution/guidelines-on-stress-tests-of-deposit-guarantee-schemes</a> <a href="http://einlagensicherung.de/">http://einlagensicherung.de/</a>

## IX19: Safeguarding financial markets integrity and efficiency - Enhancing integrity and efficiency

### G20/FSB Recommendations

*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. (Gannes)*

### Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
03.01.2018
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>Implementation of MiFID 2 rules on algorithmic and high frequency trading into German legislation is completed, rules already implemented by the German High Frequency Trading Act in 2013 have been amended accordingly. The new legislation is applicable as of 3 January 2018. The Guidelines on the calibration, publication and reporting of trading halts, published 27 June 2017, aims to provide guidance on: the calibration of trading halts; the dissemination of information regarding the activation of mechanisms to manage volatility on a specific trading venue; and the procedure and format to submit the reports on trading halts parameters from National Competent Authorities (NCAs) to ESMA. Germany complies with that Guideline. Other actions: Germany adheres to the international recommendations, e.g. suitable trading control mechanisms to deal with volatile market conditions are well known in the German trading landscape, e.g. so called volatility interruptions and appropriate control mechanisms for order flow are in place, e.g. so called "naked sponsored access" would generally not be permitted. According to MiFIR, the operation of dark pools in the EU (trading venues that provide for exceptions of pretrade transparency requirements) needs a specific permission. This permission, so called "waiver" would only in specific and limited circumstances be granted by NCAs and would be assessed on EU/ESMA level. To ensure that the use of waivers does not unduly harm price formation, trading under certain waivers (namely negotiated transaction waivers) will be suspended for a certain time if specific trading thresholds are reached (double volume cap mechanism). MiFIR provides for deferred publication of post-trade information under discretion of NCAs. In line with that BaFin has granted deferrals till the end of 2019. ESMA has issued a number of Q&amp;As with respect to market structure and transparency issues on the basis of MiFID 2 / MiFIR level 1 and level 2 legislation. In addition BaFin supports in principle all respective initiatives on EU level. For more information on these initiatives, please refer to the EU-COM answer.</p>
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-38_qas_markets_structures_issues.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-38_qas_markets_structures_issues.pdf</a>

## IX20: Safeguarding financial markets integrity and efficiency - Regulation of commodity markets

### G20/FSB Recommendations

*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)*

*We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)*

### Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
03.01.2018
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No



**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

According to current EU-legislation, directly applicable rules for market manipulation (Art. 15 EU-Market Abuse Regulation-MAR) and insider dealing (Art. 14 EU-Market Abuse Regulation-MAR) apply both to commodities and commodity derivatives. Furthermore, rules for disclosing of inside information apply to commodity derivatives (Art. 17, Art. 3 para 1 No. 1 MAR). Further strengthening of the regulatory framework regarding commodities and commodity derivative and European harmonisation has been achieved by the Markets in Financial Instruments Directive and Regulation (MiFID II, MiFIR) that contain rules on position limits. Germany supports the aforementioned regulatory framework and has adjusted its national rules in alignment with MiFID II requirements. The new rules also ensure that large non-financial firms trading a large amount of commodity derivatives are regulated under MiFID II (through the “ancillary activity test”). This “ancillary test” represents a ratio between (i) the capital that would need to be allocated for the firm to engage in speculative derivatives trading versus (ii) the capital employed to conduct a firm’s main business.

Germany has implemented the MiFID II rules on position limits by amending the Securities Trading Act (Wertpapierhandelsgesetz - WpHG). According to the new provisions, BaFin shall set position limits on all commodity derivatives contracts that are traded on German trading venues. Furthermore, trading venues and investment firms are required to report individual positions of position holders on a daily basis to BaFin. All holders of positions in commodity derivatives subject to position limits are required to adhere to the position limits. BaFin is to sanction infringements of position limits and failures to submit position reports. For this purpose, the WpHG now contains a schedule of penalties. With regard to the ancillary activity test, respective firms have to notify to BaFin if they are making use of the ancillary activity exemption. Any failure to do so can amount to illegal provision of financial services which is a criminal offence.

Parallely, on 3 January 2018 two Delegated Regulations as part of the MiFID II rulebook came into force, based on the draft regulatory technical standards (‘RTS’) of the European Securities and Markets Authority (ESMA). In particular, the RTSs define parameters for competent authorities to determine “position limits”, i.e. the maximum amount of commodity derivatives that can be held by a single trader, and which represent a tool to help to limit commodity speculation, support orderly pricing and prevent market abuse. The rules establish a “baseline” and maximum bands of deviation on either side of the baseline, to be set by the competent regulators in line with observed price volatility in the underlying commodity markets. The standard also contains several chapters to cater for the “illiquid” derivative contracts, i.e. where open interest levels are low. Moreover, the new standards contain an explicit reference to how volatility should be considered by NCAs. In particular, authorities should seek to minimise volatility or at least review their limits more often in cases of excessive volatility.

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

MiFID II has been amended by the Capital Markets Recovery Package (CMRP) in February 2021, in order to help the recovery from the COVID-19 crisis, including to facilitate the development of commodity markets, while still ensuring market integrity. In Germany the amendments will enter into application in 28 November 2021. Mainly, the position limits regime will only apply to significant/critical contracts (meaning commodity derivatives with an open interest of at least 300 000 lots on average over a one-year period), and to agricultural commodity derivatives. Securitised derivatives will also be out of scope of the position limits regime and the reporting of positions limits. In addition, the current “ancillary activity test” has been simplified and non-financial firms are not required anymore to notify annually their national competent authority, but only upon request.

**Update and next steps: planned actions (if any) and expected commencement date**

**Relevant web-links: please provide web-links to relevant documents**

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0591&from=DE>
- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0592&from=DE>
- <https://www.gesetze-im-internet.de/wphg/>
- [https://www.bafin.de/EN/Aufsicht/BoersenMaerkte/Derivate/PositionslimitsWarenderivate/positionslimits\\_warenderivate\\_node\\_en.html](https://www.bafin.de/EN/Aufsicht/BoersenMaerkte/Derivate/PositionslimitsWarenderivate/positionslimits_warenderivate_node_en.html)

## IX21: Safeguarding financial markets integrity and efficiency - Reform of financial benchmarks

### G20/FSB Recommendations

*We support the establishment of the FSB’s Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO’s Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)*



Collection of information on this recommendation will continue to be deferred given the ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

## X22: Enhancing financial consumer protection - Enhancing financial consumer protection G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should describe progress toward implementation of the OECD's [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may refer to OECD's [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles, as well as the [G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age](#), which provides additional effective approaches for operating in a digital environment. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation. In the case of private pensions, additional guidance can be found in the [Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems](#).

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date:

Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

01.05.2017

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes

Regulation / Guidelines - Yes

Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

In July 2015 a new act to better protect retail investors (Kleinanlegerschutzgesetz) came into force. BaFin now is in charge of protecting the collective interests of consumers and has the power to ensure compliance of the supervised entities. BaFin is able to ban or restrict certain financial products as well as certain financial practices in case of significant threats to consumers or to the proper functioning of financial markets or to the stability of the financial system. On 1st August 2014 the Act on fee based investment advice on financial instruments (Honoraranlageberatungsgesetz) came into force. On 31st July 2015 the decree for key information documents on products for pension provision was issued. It requires the provision of a KID for such products (as defined by the law on certification of products for pension provision) which makes such products more transparent vis-à-vis the consumer. At the same time, the product information centre for pension provision was established which fulfils important consumer protection duties regarding pension provision. The law implementing Solvency II came into force on 11th April 2015 (part 1) and 1st January 2016 (part 2). The law improves policy-holders claims for contractual services. For more information please see also the respective answer of the EU-COM. On 3rd July 2015 the implementing law on the Directive on deposit guarantee schemes (2014/49/EU) came into force. For further information on national deposit insurance arrangements please refer to No. 18. The law implementing the amended Transparency Directive (2004/109/EU) came into force on 26th November 2015. The law harmonises the transparency requirements regarding information about issuers of securities traded on a regulated market and other continuous disclosure obligations. The law has indirect effects on financial consumer protection by keeping a consistent high level of capital markets transparency and by strengthening financial consumer protection in specific additional situations, e.g. a delisting or downlisting. On 9th December 2015 the Regulation on European long-term investment funds (REGULATION (EU) 2015/760) came into force. The regulation aims at increasing the pool of capital available for long-term investment in the EU economy by creating a new form of fund vehicle. The law contains financial consumer protection rules like information provision requirements, e.g. for costs of the investment. The revision of the UCITS Directive (UCITS V - 2009/65/EU) was published in the official gazette of the EU on 28th August 2014. On 18th March 2016 the German implementation law came into force. The Directive and the implementation law cover various financial consumer protection areas regarding the funds regime. For more information please see also the respective answer of the EU-COM. In July 2016 the First Act Amending Financial Market Regulations (Erstes Finanzmarktnovellierungsgesetz) was published in the German law gazette and thereafter gradually entered into force. The act mainly serves to implement provisions of the Market Abuse Directive and Market Abuse Regulation, the Central Securities Depositories Regulation and the Packaged Retail and Insurance-based Investment Products Regulation into German law. In March 2017 the German Federal Parliament adopted the Second Financial Markets Amendment Act (Zweites Finanzmarktnovellierungsgesetz). Apart from one article dealing with changes to the Securities Trading Act which has come into force on 1st July 2018, the Second Financial Markets Amendment Act came into force on 3rd January 2018. The Act transposes the revised requirements of the Markets in Financial Instruments Directive (MiFID II), as well as certain changes to existing legislation on a national level resulting from directly applicable EU regulation – namely the accompanying Markets in Financial Instruments Regulation (MiFIR), the Regulation on Transparency of Securities Financing Transactions (SFTR) as well as the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (Benchmark Regulation) into national law. The relevant national act implementing the Directive 2016/97/EU on insurance distribution (IDD) is in force and became applicable on 23rd February 2018. The revised Payment Services Directive (2007/64/EU) was published in the official gazette of the EU on 23rd December 2015 and had to be implemented until 13 January 2018. The directive strengthens the financial consumer protection by, inter alia, increasing security requirements in the payment system to provide for a better abuse and fraud protection. The act implementing the revised Payment Services Directive (Zahlungsdienstumsetzungsgesetz) came into force on 13th January 2018 (with the exception of the rules dealing with access to accounts by payment initiation service providers and account information service providers as well as the rules dealing with strong customer authentication (for more detail, please see below)). The Regulation (EU) No 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) is applicable since 1st January 2018. For more information on MiFID, IDD, the revised Payment Services Directive and PRIIPs-Regulation, please refer to the EU-COM answer. A consumer advisory council has been set up by BaFin to ensure that consumer issues will play a larger role in BaFins supervisory approach. The Consumer Advisory Council is responsible for advising BaFin on issues related to its supervisory duties from a consumers perspective. The Consumer Advisory Council collects, analyses and reports to BaFin data relating to current developments in the banking and insurance businesses and in the areas of financial services and financial instruments ("consumer trends"). The Consumer Advisory Council comprises 12 representatives: three from academia, four from consumer and investor protection organisations, three from extrajudicial dispute resolution schemes, one from the Federal Ministry of Justice and Consumer Protection (Bundesministerium der Justiz und für Verbraucherschutz - BMJV) and one from trade unions. Its 1st meeting took place on 20th June 2013. The Finanzmarktwächter (financial watchdog) was founded in March 2015. It observes the German financial market using instruments like mystery shopping. The Federation of German Consumer Organisations (vzbv) is in charge. The vzbv is a non-governmental umbrella organisation for 41 consumer associations and represents the interests of consumers in public, the private sector and civil society. The Finanzmarktwächter can address irregularities to BaFin. The complaints procedure for consumers and other customers of supervised enterprises as well as consumer protection organisations has been incorporated into the Act Establishing the Federal Financial Supervisory Authority (Finanzdienstleistungsaufsichtsgesetz, FinDAG )(sections 8a and 4b). Pursuant to section 4 b FinDAG consumers have the right to complain against any financial institution supervised by BaFin. According to Section 80 para. 1 sentence 3 Securities Trading Act (Wertpapierhandelsgesetz-WpHG) in connection with Art. 26 Delegated Regulation (EU) 2017/565 investment services enterprises must have in place effective and transparent procedures for the reasonable and prompt handling of complaints received from retail clients and shall provide information on complaints and complaints-handling to the relevant competent authorities. A special regulation for complaints against investment services was introduced in Nov. 2012: Pursuant to section 87 Securities Trading Act the investment services enterprises must report to the Supervisory Authority 1. any complaints; 2. the name of the employee on whose activity the complaint is based; and 3. where the investment services enterprise has several branches

or other organisational units, the branch or organisational unit to which the employee is assigned or for which he predominantly or usually performs his activity to be reported pursuant to sentence 1. Further, according to section 342 para. 1 and 2 German Capital Investment Act, which implements Art. 100 Directive 2009/65/EC, investors and clients may file complaints concerning alleged contraventions of the German Capital Investment Act (Kapitalanlagegesetzbuch - KAGB) by managers of collective investment schemes with the Supervisory Authority at any time. Complaints may be filed in writing, electronically or orally for the record with the Supervisory Authority and should state the facts and the reason for the complaint. Where alleged complaints involve cross-border matters, the Supervisory Authority cooperates with the competent authorities of the other member states of the European Union or other signatories to the Agreement on the European Economic Area. Furthermore, managers of collective investment schemes are obliged to implement appropriate complaints-handling procedures and provide sufficient information thereof to investors. The German Capital Investment Act also provides for a comprehensive supervisory regime regarding collective investment schemes (cis) and their management companies. These rules are focussed on the protection of all investors in cis setting considerably higher standards for the protection of retail clients including consumers as compared to institutional investors. BaFin has elaborated this regime by several ordinances, guidelines and circulars taking into account the advice of industry and consumer organisations. Cis Managers have to treat all investors equitably, honestly and fairly and provide consumers with key information that informs the consumer of the fundamental benefits, risks and terms of the product. Cis Managers have to work in the best interest of their customers and be responsible for upholding financial consumer protection. The remuneration structure for staff of Cis Managers has to be designed to encourage responsible business conduct, fair treatment of consumers and to avoid conflicts of interest. According to section 28 Payment Services Supervision Act (Gesetz über die Beaufsichtigung von Zahlungsdiensten, ZAG) payment service users, too, are entitled to submit to BaFin complaints about payment service providers. Section 28a Payment Services Supervision Act justifies the same entitlement to complain to holders of electronic money against the electronic money issuer. In 2012 the European Insurance and Occupational Pensions Authority (EIOPA) published "Guidelines on Complaints-Handling by Insurance Undertakings". BaFin implemented the EIOPA guidelines via a circular (Rundschreiben) and a general decree (Allgemeinverfügung), which came into force on 1st January 2014. The rules on complaints handling arising from the Joint Committee guidelines for complaints handling for the securities (ESMA) and banking (EBA) sectors were implemented by BaFin circular which became applicable as of 5th May 2018. On Alternative and Online Dispute Resolution (ADR/ODR): The Implementing of EU legislation on Alternative Dispute Resolution (Directive 2013/11/EU on alternative dispute resolution (ADR) is completed and supports the enforcement of the Regulation on online dispute resolution (ODR): The new "Verbraucherstreitbeilegungsgesetz" (consumer dispute resolution law) came into force on 1st April 2016 and was supplemented by the Finanzschlichtungsstellenverordnung, which came into force on 1st February 2017 in full. The Law implementing the Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property came into force on 21st March 2016. It establishes rules in the residential immovable market to better inform customers about the real costs of a mortgage, to enable customers to better compare between competitors and to reflect on the mortgage contract before contract closure. (Remark: Please be aware that this list of consumer protection activities is not final.)

In March 2017 the German Federal Parliament adopted the Second Financial Markets Amendment Act (Zweites Finanzmarktnovellierungsgesetz) which came into force on 3 January 2018. The Act transposed the revised requirements of the Markets in Financial Instruments Directive (MiFID II), as well as certain changes to existing legislation on a national level resulting from directly applicable EU regulation – namely the accompanying Markets in Financial Instruments Regulation (MiFIR), the Regulation on Transparency of Securities Financing Transactions (SFTR) as well as the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (Benchmark Regulation) into national law.

The relevant national act implementing the Directive 2016/97/EU on insurance distribution (IDD) became applicable in Germany on 23 February 2018. In connection with implementing the Directive 2016/97/EU on insurance distribution (IDD) the German legislator also introduced stricter rules in consulting and the sales of residual debt insurances with the aim of enhancing consumer protection. The newly introduced sections 7a para. 5 and 7d of the German Insurance Contract Act (Versicherungsvertragsgesetz – VVG) provide consumers with extended rights of revocation and shall ensure better information. The new rules came into force on 23 February 2018.

The revised Payment Services Directive (2007/64/EU) was implemented by 13 January 2018. The directive strengthens the financial consumer protection by, inter alia, increasing security requirements in the payment system to provide for a better abuse and fraud protection. The act implementing the revised Payment Services Directive (Zahlungsdienstumsetzungsgesetz) came into force on 13 January 2018. The implementation of Directive 2014/92/EU (on rights to a basic bank account, the comparability of fees related to payment accounts, payment account switching) into German law is completed. Important parts (basic bank account) of the new Act (Zahlungskontengesetz) came into force in June 2016 (basic bank account) and in September 2016 (payment account switching). The parts relating to the information on and the comparability of fees related to payment accounts, came into force on 31 October 2018. Payment service providers are obliged to use the standardised terminology and to inform consumers with standardised documents pre-contractually about the expected charges (Entgeltinformation). In addition, they have to inform consumers during the lifetime of the current contract and on termination of the contract on the actual costs collected (Entgeltaufstellung).

The rules dealing with access to accounts by payment initiation service providers and account information service providers as well as the rules dealing with strong customer authentication came into force on 14 September 2019. BaFin is competent authority within the meaning of the Directive.

The European Parliament and the Council have adopted a regulation on a pan-European Pension Product (PEPP). The Regulation was published in the Official Journal of the European Journal on 25 July 2019 and will enter into application on 22 March 2022 (i.e. 2 years after publication of different technical standards). The pan-European pension product (PEPP) is a voluntary personal pension scheme that will offer consumers a new pan-European option to save for retirement. The PEPP Regulation provides for rules ensuring standardisation of the core product features, such as transparency requirements,

investment rules, switching right and type of investment options.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
The German legislator has implemented the legal basis for BaFin to perform Mystery Shopping, which took effect on July 1 2021. The new powers enable BaFin to gather objective information on service quality and supervisory compliance at the point of sale of financial institutions. The aim is to strengthen effective supervision in the area of financial consumer protection. Immediately after the legislation entered into force, BaFin initiated first Mystery Shopping activities in order to gain some operative experience and to prepare regular use of the new powers, starting in 2022.
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents

### List of abbreviations used

List of abbreviations used

AFS	Financial Stability Committee ("Ausschuss für Finanzstabilität")
AML	Anti-Money Laundering
BaFin	Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht")
BCBS	Basel Committee on Banking Supervision
BRRD	Bank Recovery and Resolution Directive
CCP	Central Counterparty Clearing
CFT	Combating the Financing of Terrorism
CRA	Credit Rating Agencies
CRD	Capital Requirements Directives
CRR	Capital Requirements Regulation
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority
EMIR	European Market Infrastructure Regulation
ESCB	European System of Central Banks
ESMA	European Securities and Markets Authority
EU	European Union
EU-COM	European Commission
FSC	Financial Stability Committee
FSI	Financial Stability Institute, Basel
FTE	Full Time Equivalent
GL	Guideline
G-SIFIs	Global Systemically Important Financial Institutions
G-SIIs	Global Systemically Important Institutions
IADI	International Association of Deposit Insurers
IAIS	International Association of Insurance Supervisors
IOSCO	International Organization of Securities Commissions
ITS	Implementing Technical Standards
KID	Key Information Document
LCR	Liquidity Coverage Ratio
MiFID	Markets in Financial Instruments Directive
NCA	National Competent Authority
NCB	National Central Bank
NSA	National Supervisory Authority
NSFR	Net Stable Funding Ratio
OSIIs	Other Systemically Important Institutions
RRE	Residential Real Estate
RTS	Regulatory Technical Standards
SI	Significant Institutions
SIFIs	Systemically Important Financial Institutions
SRB	Single Resolution Board
SRMR	Single Resolution Mechanism Regulation
UCITS	Undertakings for Collective Investment in Transferable Securities