Jurisdiction : India

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

I. Refining the regulatory perimeter
II. Hedge funds
III. Securitisation
IV. Enhancing supervision
V. Building and implementing macroprudential frameworks and tools
VI. Improving oversight of credit rating agencies (CRAs)
VII. Enhancing and aligning accounting standards
VIII. Enhancing risk management
IX. Strengthening deposit insurance
X. Safeguarding the integrity and efficiency of financial markets
XI. Enhancing financial consumer protection
XII. Reference to source of recommendations
XIII. List of Abbreviations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Refining the regulatory perimeter**				
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** Securities and Exchange of India (SEBI), the securities markets regulator, has taken various measures to protect the interests of investors in the securities market. For this purpose, SEBI has recently introduced the following regulations to regulate previously unregulated entities: - SEBI (Alternative Investment Funds) Regulations, 2012 w.e.f. May 21, 2012. The AIF Regulations were introduced with a view to increase market efficiency by monitoring unregulated funds,	**Planned actions (if any):** Regulatory : i. New regulatory framework for Non Banking Financial Companies (NBFCs) which will be issued shortly addresses the gaps in regulation. ii. Identification of new categories of NBFCs such as NBFC-Micro Finance Institutions (NBFC-MFI) and NBFC-Factors and regulatory framework for them is on the anvil. iii. In order that the allied activities of NBFCs are effectively regulated, activities such as distribution of Mutual Funds, Insurance products, which are under regulation of other regulators, should be hived off to subsidiaries and not conducted departmentally by the NBFCs. **Expected commencement date:** **Web-links to relevant documents:**
(1)		We agree to strengthen the regulation and oversight of the shadow banking system.[1] (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: *Shadow Banking: Strengthening Oversight and Regulation*.		

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				encouraging formation of new capital and consumer protection. - SEBI (Investment Advisers) Regulations, 2013 w.e.f. January 21, 2013 SEBI came out with regulations to provide a framework for registration and regulation of investment advisers. These regulations have been framed to register and regulate individuals, body corporate (including LLPs) and partnership firms, who, for consideration, are engaged in the business of providing investment advice to investors or other persons or group of persons and includes, any person who holds himself as an investment adviser, by whatever name called. - SEBI (Self Regulatory Organisations) Regulations, 2004 (Amendment) Regulations, 2013 w.e.f January 7, 2013. These amendment regulations were brought out to enable registration of Self Regulatory Organisations that could register and regulate distributors of mutual funds and portfolio managers. As regards policy measures to strengthen the regulation and oversight of the shadow banking system, it is understood that shadow banking system may be broadly defined as "the system of credit	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				intermediation that involves entities and activities outside the regular banking system." Although the Reserve Bank of India primarily regulates the shadow banking system, there may be entities involved in the chain of credit intermediation that are regulated by SEBI. For example, mutual funds with schemes that have been set up with the objective of investing exclusively in money market instruments are already required to be registered under the SEBI (Mutual Funds) Regulations, 1996. In terms of recommendations of October 2011 FSB report, Shadow Banking: Strengthening Oversight and Regulation, in October 2012 IOSCO came out with report on Money Market Funds: Policy Recommendations For Money Market Funds and the response below is in reference to these recommendations. Recommendation 1 & 2: Regulation 2(p) of SEBI (Mutual Fund) Regulations, defines money market mutual fund as a scheme of a mutual fund which has been set up with the objective of investing exclusively in money market instruments. Regulation 2(o) of the regulation means money market instruments includes commercial	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time. Recommendation 3: The vehicle which are similar in nature as MMF and not covered under SEBI (Mutual Fund) Regulations, 1996, may be covered under other regulations such as SEBI (Alternative Investment Fund) Regulations 2012 and SEBI (Collective Investment Schemes) regulations, 1999. Recommendation 4 & 10: : The valuation of Money Market Fund (MMF) is carried out in terms of Eighth Schedule on 'Principle of Fair Valuation' of SEBI (Mutual Fund) Regulations, 1996. The valuation is required to be done in good faith and in true and fair manner through appropriate valuation policies and procedures. The fair value principle also ensures that there is no possibility for stable NAV. Recommendation 5: The valuations practices are reviewed by SEBI as per Chapter VIII of SEBI	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(Mutual Fund) Regulations 1996. Recommendation 6: All the mutual funds are required to carry out Know Your Client formalities for the investors before they can start investing in the mutual funds. Recommendation 7, 8 & 9: The Money Market Funds by its nature are very liquid schemes and also in order to ensure liquidity MMFs specially the lliquid funds can invest only in instruments of upto 91 day maturity. Further, as per market practice in a range of 5% to 10% of the fund are kept in liquid form to meet the redemption requirements. However, there are no specific requirements for conducting stress testing on the basis of hypothetical situations and or historical events. Recommendation 11 & 12: In addition to AMC's reliance on the ratings of the CRA for assessing the credit risk of the issuer, SEBI has acknowledged and encouraging to implement the industry practice that mutual funds should have a dedicated research team and the Investment Management Committee should research and review issuers with regard to credit	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				risk. For close ended schemes, SEBI has also advised AMCs to have and disclose their credit evaluation policy for the investment in debt securities. Further, SEBI is encouraging Mutual Funds not to rely completely on rating agencies and have their own systems to check and balance the credit risk of the instruments/securities where the schemes will invest and wherever required rely on the most conservative rating. For investment in various securities, the AMC's should not rely completely on the ratings of the CRAs. Therefore, SEBI is encouraging mutual funds to have their own due diligence to review the issuer of the securities/instruments where the scheme will invest with regard to credit risk. Recommendation 13 & 14: The Scheme Information Document contains appropriate disclosures regarding practices' in relation to valuation, risk assessment and management, investment restriction, asset allocation etc. and it is also required to disclose that the scheme is not a guaranteed or assured return scheme, if applicable.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Recommendation 15: Presently Mutual Funds are allowed to participate in REPO market both in government securities and corporate debt securities. The following safeguard and restrictions are in place for participation in corporate debt securities: 1. The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme. 2. The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme. 3. Mutual funds shall participate in repo transactions only in AA and above rated corporate debt securities. 4. In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months 5. The Trustees and the Asset Management Companies shall frame	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				guidelines about, inter alia, , the following in context of these transactions keeping in mind the interest of investors in their schemes: a) Category of counterparty b) Credit rating of counterparty c) Tenor of collateral d) Applicable haircuts 6. The details of repo transactions of the schemes in corporate debt securities, including details of counterparties, amount involved and percentage of NAV shall be disclosed to investors in the half yearly portfolio statements and to SEBI in the half yearly trustee report. **Web-links to relevant documents:** SEBI (Mutual Fund) regulations, 1996: http://www.sebi.gov.in/cms/sebi_data/commondocs/mfundsnew_p.pdf SEBI Master Circular no. SEBI /IMD/MC No.3/10554/2012, dated May 11, 2012: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1337083696184.pdf SEBI Circular no. IMD/DF/19/2011, dated November 11, 2011: http://www.sebi.gov.in/cms/sebi_data/att	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				achdocs/1321016963209.pdf SEBI Circular no. CIR/IMD/DF/23/2012 dated November 15, 2012: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1352976993463.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1337601524196.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1358779330956.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1357709058904.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
II.	**Hedge funds**				
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	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)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Draft published as of : 21 May 2012 **Short description of the content of the legislation/ regulation/guideline:** SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") were notified on May 21, 2012. Under the Regulations, hedge funds are required to register with SEBI under Category III of the Regulations. Every investor in these funds is required to invest at least Rs. 1 crore (equivalent to roughly US $200,000). (Minimum investment is Rs. 25 lakhs for employees/directors, etc). The minimum size of such funds is required to be Rs. 20 crore. (equivalent to roughly USD 4 million) The Regulations also provide for conditions for registration, disclosures on an ongoing	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				basis to investors, operational, prudential and reporting requirements to SEBI regarding leverage, risk management, etc. **Web-links to relevant documents:** www.sebi.gov.in/cms/sebi_data/attachdocs/1337601524196.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers.	Applicable but no action envisaged at the moment ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** SEBI, being a signatory to the Multilateral Memorandum of Understanding (MMOU) of IOSCO and as a signatory to bi-lateral Memorandum of Understanding with regulatory bodies of various jurisdictions, is required to share information related to its intermediaries (including hedge funds), if the same is sought by the regulator in concerned jurisdiction. Further, it may be noted that the AIF Regulations in India registers the funds i.e. the AIFs and not the managers. (Obligations, however, are imposed on the managers of the specific AIFs through the Regulations). Any AIF incorporated in India irrespective of the jurisdiction of its manager is required to get registered under the Regulations and comply with various norms in the Regulations. Further, currently, the AIF Regulations do not register or regulate funds incorporated outside India. However, foreign venture capital investors proposing to invest in India need to register with SEBI under SEBI (Foreign Venture Capital Investor)	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Regulations, 2000. In cases of AIFs in India, having managers outside India, information sharing with the appropriate Regulator in the country in which manager is incorporated may be required. So far, none of the AIFs registered with SEBI have managers incorporated outside India and therefore, no specific action with respect to information sharing on AIFs (including hedge funds) is envisaged at the moment. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
4 (5) (6)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents : • *Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Basel III (June 2011) – relevant references to counterparty credit risk standards*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Draft published as of : 21 May 2012 (in respect of AIF Regulations) **Short description of the content of the legislation/ regulation/guideline:** AIF Regulations provide that SEBI shall impose prudential requirements on the amount of leverage that can be undertaken by an AIF. SEBI is in the process of coming out with detailed guidelines in this regard. In view of the restrictions on the leverage, requirement of risk management and monitoring of fund's leverage by the specific counterparty does not seem to arise. Further, in India, hedge funds generally do their trades on the exchange and not OTC. Therefore, counterparty risk does not arise in such cases. **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III.	**Securitisation**				
5 (7) (8)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's *Report on Global Developments in Securitisation Regulation (Nov 2012)* including justification for any exemptions to IOSCO requirements; and • BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : August 2012 **Short description of the content of the legislation/ regulation/guideline:** SEBI has laid down the framework for public offer and listing of securitized debt instruments through SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008 and laid down model listing agreement for Securitized Debt Instruments on March 16, 2011, specifying continuous disclosure requirements. Securitisation in India is yet to take up in a major way, pending resolution of structural, tax and regulatory issues. RBI is the primary regulator for securitisation market in India. RBI in May, 2012 has issued	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				guidelines to Banks on transfer of assets through securitisation and direct assignment of cash flows. These Guidelines separately specify the requirements to be met by the originating Banks and the requirements to be met by Banks (other than originators) having securitisation exposures. These requirements includes requirements regarding assets eligible for securitisation, minimum holding period, minimum retention requirements (5%/10% of the book value of the loans being securitised depending on the original maturity of the loan), limit on total retained exposures, disclosures to be made in servicer /investor /trustee reports, requirements for stress testing, credit monitoring, restricted securitisation activities/exposures, etc. On August, 2012, RBI decided to extend these guidelines to NBFCs (for orginating NBFCs, for NBFCs other than originators having securitisation exposures and for transactions involving transfer of assets through direct assignment of cash flows and the underlying securities). The Reserve Bank's guidelines on securitisation transactions by banks are reasonably conservative. Further, minimum retention	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				requirements and minimum holding period requirements have also been recently introduced. These features promote appropriate due diligence and also align the incentives of originators and investors. Revised guidelines on securitisation (for NBFCs), including minimum holding period and retention requirements put in place in August 2012. The revised guidelines also include bilateral sale transactions. **Web-links to relevant documents:** http://www.sebi.gov.in/cms/sebi_data/commondocs/sdireg_p.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1300794690530.pdf http://rbidocs.rbi.org.in/rdocs/content/pdfs/FIGUSE070512_I.pdf http://rbidocs.rbi.org.in/rdocs/content/pdfs/RGST210812_ANX.pdf http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/FIGUSE070512.pdf http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/68628.pdf http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7517&Mode=0	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • *ICP 13* – Reinsurance and Other Forms of Risk Transfer • *ICP 15* – Investments, and • *ICP 17* - Capital Adequacy. Jurisdictions may also refer to the IAIS *Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** (1) Reinsurance - The Insurance Authority has issued new regulations for Reinsurance business - covering retention policy, regulatory reporting requirements, placement of reinsurance business, Inward reinsurance, submission of returns (2) Capital Adequacy and Risk Based Capital – (i) The Authority has set up a working group to study the solvency regimes in other jurisdictions and to examine the possibilities of moving towards Risk Based Solvency regime. The working group is in the process of finalising its report. (iii) The Authority has sought views/comments from all the stakeholders on the exposure draft	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				relating to Risk Based Solvency Approach wherein the Risk charges have been proposed to the insurers, based on the riskiness of the investments, to address the spread risk on various categories of debt instruments. (3) The regulatory framework for investments into various asset categories has been laid down under the Investment Regulations, 2013. The framework lays down the pattern of investments, various asset classes, exposure norms for promoter, company, group and industry. The minimum prescription for credit rating of debt instruments have also been prescribed under the regulations **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009)* and *Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : September 2011 (in respect of securities market sector) **Short description of the content of the legislation/ regulation/guideline:** India has specific guidelines for issue/sale of structured products to retail investors i.e. "Guidelines for Issue and listing of Structured Products Market Linked Debentures" dated September 28, 2011. The Circular, interalia, provides for eligibility criteria for issuer, minimum ticket size, disclosure requirements , appointment of third party valuation agency etc. Structured Products are securities which differ from plain vanilla debt securities or debt securities issued with embedded call or put options i.e., by offering market linked returns obtained	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				through exposures on exchange traded derivatives. Since such returns are linked to equity markets, such securities are also called equity linked debentures or stock linked debentures etc. The issuer is required to make " a detailed scenario analysis / valuation matrix showing value of the security under different market conditions such as rising , stable and falling market conditions shall be disclosed in a table along with a suitable graphic representation". In India, the issuer is required to make " a detailed scenario analysis/valuation matrix showing value of the security under different market conditions such as rising , stable and falling market conditions shall be disclosed in a table along with a suitable graphic representation" It is mandatory for the issuer to appoint a third party valuation agency which shall be credit rating agency registered with SEBI. There is a requirement for minimum ticket size of USD 20,000. Also there cannot be invitations for subscription shall be made for an amount of less than USD 20,000 in any issue. **Investment of Mutual Funds in Structured Finance Instruments:** In terms of regulation 43(1) of SEBI	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(Mutual Fund) Regulations, mutual funds are allowed to invest in securitised debt instruments, which are either asset backed or mortgage backed securities. Further, mutual fund scheme are not allowed to invest more than 15% of its NAV in mortgaged backed securitised debt issued by a single issuer which are rated not below investment grade by a credit rating agency registered with SEBI. This limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of asset management company (In terms of Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996) Further, specifically for Infrastructure Debt Fund Schemes, schemes may invest upto 30% of its NAV in securitised debt securities of any single infrastructure company. This limit may be extended to 50% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of asset management company. Extensive due diligence is carried out at all the levels i.e. Trustees carries out on the Board of Directors of Asset Management Companies, Board of Director carries out on the investment	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Managers' and Investment Managers' before taking investment decision. Specifically, for investment in securitised debt instrument the following parameters are looked into and the same is also disclosed in the Scheme Information Document (SID): i) Risk profile of securitized debt vis-à-vis risk appetite of the scheme ii) Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc. iii) Risk mitigation strategies for investments with each kind of originator: a) Assessment by a Rating Agency b) Acceptance evaluation parameters (for pool loan and single loan securitization transactions) c) Critical Evaluation Parameters (for pool loan and single loan securitization transactions) d) Illustration of the framework that will be applied while evaluating investment decision relating to a pool securitization transaction. iv) The level of diversification with respect to the underlying assets, and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				risk mitigation measures for less diversified investments. v) Minimum retention period of the debt by originator prior to securitization and minimum retention percentage by originator of debts to be securitized. vi) The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund. vii) In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt. The above parameters are in place since September 2010. **Suitability Requirements for Distribution:** **<u>Distributors of Mutual Fund products</u>** In order to regulate the distributors through AMCs a due diligence process has been put in place to be conducted by AMCs, is as follows: 1. The due diligence process would be applicable for distributors satisfying one or more of the following criteria:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				a) Multiple point presence (More than 20 locations). b) AUM raised over Rs.100 Crore across industry in the non institutional category but including high networth individuals (HNIs) c) Commission received of over Rs.1 Crore p.a. across industry d) Commission received of over Rs.50 Lakh from a single Mutual Fund. 2. At the time of empanelling distributors and during the period i.e. review process, Mutual Funds/AMCs shall undertake a due diligence process to satisfy 'fit and proper' criteria that incorporate, amongst others, the following factors: a) Business model, experience and proficiency in the business. b) Record of regulatory / statutory levies, fines and penalties, legal suits, customer compensations made; causes for these and resultant corrective actions taken. c) Review of associates and subsidiaries on above factors. d) Organizational controls to ensure that the following processes are delinked from sales and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				relationship management processes and personnel: 3. In this respect, customer relationship and transactions shall be categorized as: a) Advisory – where a distributor represents to offer advice while distributing the product, it will be subject to the principle of 'appropriateness' of products to that customer category. Appropriateness is defined as selling only that product categorization that is identified as best suited for investors within a defined upper ceiling of risk appetite. No exception shall be made. b) Execution Only – in case of transactions that are not booked as 'advisory', it require: • The distributor has information to believe that the transaction is not appropriate for the customer, a written communication be made to the investor regarding the unsuitability of the product. The communication shall have to be duly acknowledged and accepted by investor.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				• A customer confirmation to the effect that the transaction is 'execution only' notwithstanding the advice of in-appropriateness from that distributor be obtained prior to the execution of the transaction. • That on all such 'execution only' transactions, the customer is not required to pay the distributor anything other than the standard flat transaction charge, as applicable. c) There is no third categorization of customer relationship / transaction. d) While selling Mutual Fund products of the distributors' group/affiliate/associates, the distributor is required to make disclosure to the customer regarding the conflict of interest arising from the distributor selling of such products. 4. Compliance and risk management functions of the distributor shall include review of defined management processes for: a) The criteria to be used in review of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				products and the periodicity of such review. b) The factors to be included in determining the risk appetite of the customer and the investment categorization and periodicity of such review. c) Review of transactions, exceptions identification, escalation and resolution process by internal audit. d) Recruitment, training, certification and performance review of all personnel engaged in this business. e) Customer on boarding and relationship management process, servicing standards, enquiry / grievance handling mechanism. f) Internal / external audit processes, their comments / observations as it relates to MF distribution business. g) Findings of ongoing review from sample survey of investors **Product Labeling in Mutual Funds** In order to address the issue of mis-selling and to provide investors an easy understanding of the kind of product/scheme they are investing in and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				its suitability to them, all the mutual funds are required to 'Label' their schemes on the parameters as mentioned under: a) Nature of scheme such as to create wealth or provide regular income in an indicative time horizon (short/ medium/ long term). b) A brief about the investment objective (in a single line sentence) followed by kind of product in which investor is investing (Equity/Debt). c) Level of risk, depicted by colour code boxes as under: • Blue – principal at low risk • Yellow – principal at medium risk. • Brown – principal at high risk. The colour codes are required to described in text beside the colour code boxes. d) A disclaimer that investors should consult their financial advisers if they are not clear about the suitability of the product.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				In the insurance sector, investment Regulations are in place prescribing investment norms/restrictions. Insurers are required to periodically submit their investment details as per the formats laid down in the regulations. In the banking sector, banks are mandated to ensure that the various requirements on Minimum Retention Requirements (MRR) and Minimum Holding Period (MHP) are adhered to. Securitisation market activity is at a much lower level compared to some other jurisdictions. Securitisation products are limited to simple structures with a predominance of higher rated products. Due to these reasons, no requirement is felt to issue specific guidelines to banks on the issue. Further, resecuritisation, synthetic securitisations and revolving structures are presently not allowed in Indian context. The NBFC sector's exposure to structured products is minimal. **Web-links to relevant documents:** http://www.sebi.gov.in/cms/sebi_data/attachdocs/1317205112545.pdf SEBI (Mutual Fund) regulations, 1996: http://www.sebi.gov.in/cms/sebi_data/co	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				mmondocs/mfundsnew_p.pdf SEBI circular No. Cir/IMD/DF/13/2011, dated August 22, 2011: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1314009686727.pdf SEBI circular No. CIR/IMD/DF/5/2013, dated March 18, 2013: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1363665768253.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. See, for reference, IOSCO's *Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012)* that complements IOSCO's *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : August 2012 **Short description of the content of the legislation/ regulation/guideline:** SEBI has laid down the framework for public offer and listing of securitized debt instruments through SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008. As per the said Regulation, no special purpose distinct entity or trustee thereof shall make an offer of securitised debt instruments to the public unless it files a draft offer document with SEBI at least 15 working days before the proposed opening of the issue. If SEBI specifies any changes to be made in the offer document, the special purpose distinct entity and trustee thereof shall carry out	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				such changes in the draft offer document prior to filing it with the stock exchange. An offer document issued by a special purpose distinct entity or trustee thereof should contain all material information which is true, fair and adequate for an investor to make informed investment decision and should also disclose the matters specified in Schedule. Schedule to the said Regulations prescribes comprehensive disclosures pertaining to the issuer, originator, assets, pool details, credit enhancements etc. Further, SEBI has laid down model listing agreement for Securitized Debt Instruments on March 16, 2011, which specifies continuous listing requirements for Securitized debt securities. As per the Listing Agreement, special purpose distinct entity needs to furnish details, either by itself or through the servicer, on a monthly basis to the stock exchanges. Those details include details on pool snapshot, tranche snapshot, pool level details, yield, maturity & Loan -to-value (LTV) details on credit enhancement, waterfall mechanism till maturity, future cash flows schedule till maturity, collection efficiency, report asset class, details of overdue loans, credit rating, loan level details etc. These details have	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				to be submitted within 7 days from the end of the month/ actual payment date. Where periodicity of the receivables is not monthly, reporting has to be made for such relevant periods. The Reserve Bank's disclosures requirements for securitisation transactions are quite comprehensive. The requirements include detailed information on the credit quality of the underlying loan/assets. Banks are required to disclose detailed information on various aspects like distribution of overdue loans, amount of tangible security available, rating wise distribution, default rates on similar portfolios, frequency distribution of LTV ratios in case of residential or commercial real estate loans. Information regarding retention and holding periods are also required to be disclosed. Reserve Bank has stipulated that there should be adequate disclosure made by the Originator in the Notes to Account which should include, inter alia, the outstanding amount of securitised assets as per the books of the SPV sponsored by the NBFC, total amount of exposure retained by the NBFC as on the date of the Balance sheet. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.sebi.gov.in/cms/sebi_data/commondocs/sdireg_p.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1300794690530.pdf http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/FIGUSE070512.pdf http://rbidocs.rbi.org.in/rdocs/notification/PDFs/95IIMF02071	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV. Enhancing supervision					
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.[2] See, for reference, the following documents: Joint Forum: • *Principles for the supervision of financial conglomerates (Sep 2012)* BCBS: • *Framework for G-SIBs (Nov 2011)* • *Framework for D-SIBs (Oct 2012)* • *BCP 12 (Sep 2012)* IAIS: *ICP 23* – Group wide supervision FSB: • *Framework for addressing SIFIs (Nov 2011)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: FSDC is apex level body constituted by Government of India to monitor macro prudential supervision of the economy, inlcuding the functioning of large financial conglomerates, and to address interregulatory co-ordination issues without compromising independence of individual regulators. In the Indian context Global operations of SIFIs are not very significant The Insurance Regulatory and Development Authority (IRDA) has identified "LIC of India" as systematically important insurer (may not be globally) in the Indian Insurance Industry. Accordingly, the data of LIC is	**Planned actions (if any):** i. Supervisory process for the NBFC-Micro Finance Institutions (MFIs) is being worked out. ii. A revised supervisory manual for NBFCs is under preparation. **Expected commencement date:** **Web-links to relevant documents:**

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				being sent every year to participate in the GSII project of the IAIS. Financial Conglomerates (FC) Monitoring Mechanism has been in place in India since June 2004. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** Capital adequacy requirements have been made applicable both on a standalone as well as consolidated basis. i) The initial list of 29 G-SIBs published by FSB does not include any Indian entity. Further, no Indian entity is expected to meet the cut off threshold for classification as G-SIBs in the near future. 13 G-SIBs have operational presence in India in the form of branches. ii) Large NBFCs (with an asset size of Rs. 10 billion and above) are classified as systemically important NBFCs and they are subject to more intensive supervision. iii) While no specific mechanism for identification and monitoring of D-SIBs presently exist in India, a mechanism for monitoring and oversight framework of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				financial conglomerates (FCs) is in place since 2005, where the three major regulators viz., the Reserve Bank, SEBI and IRDA are involved. A group is identified as an FC on the basis of its significant presence in two or more market segments from the five broad sectors, viz., Banking, Insurance, Securities, Non-Banking Finance and Pension Fund. Of the 12 identified FCs, the principal regulator is the Reserve Bank in eight cases, IRDA in three cases and SEBI in one case. As per the proposed D-SIB framework, some of these FCs of which the bank is the parent entity as also other banks are likely to be identified D-SIBs. As part of the criteria of identification of FC, the Reserve Bank has already collated and identified significant entities in the banking segment on similar lines suggested by D-SIBs framework of the BCBS. Further, the Reserve Bank is in the process of identifying Domestic Systemically Important Banks. iv) The supervisory structure involves a two-pronged approach encompassing off-site surveillance and periodic interface with the conglomerates, which has proved quite robust in assessing the risks faced by these institutions. Keeping in	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				view the need for strengthening the supervisory processes for the FCs, the Financial Stability and Development Council (FSDC) has been assigned a mandate for macroprudential supervision of the economy including the functioning of large FCs. Further, an institutional framework in the form of an Inter Regulatory Forum (IRF) comprising members from the sectoral regulators (RBI, SEBI, IRDA and PFRDA) has been setup under the aegis of the sub-committee of FSDC. The Forum is mandated to assess risks to systemic stability from the activities of the FCs and ensuring their effective consolidated supervision. As decided by the Sub-Committee of the FSDC, a Working Group on a comprehensive resolution regime for all types of financial institutions in India has been set up with Deputy Governor, Reserve Bank, in charge of the Banking Operations and Development and Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, as Co-Chairs. v) The Reserve Bank of India in 2003 has put in place the consolidated supervision framework based on the consolidated financial position of the banking groups.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				The consolidated monitoring mechanism has been strengthened during 2010-11 for large and complex banks with the creation of a Financial Conglomerates Monitoring Division (FCMD) in the Department of Banking Supervision in the Reserve Bank. The supervisory responsibility for the FCMD consisting of twelve banks (including the six Financial Conglomerates (FC) already covered under the extant FC monitoring mechanism) includes exercising onsite and offsite supervision as also an enhanced and more meaningful consolidated/conglomerate supervision of banks/banking groups. The FCMD banks are also required to submit details of their group structure, activities of subsidiaries, JVs and other group entities, details of the intra-group transactions, viz., fund-based, non-fund-based, revenue, etc., including a group risk profile. **Web-links to relevant documents:** http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/BAICI020512IS.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (13) (14)	Establishing supervisory colleges and conducting risk assessments	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 through international supervisory colleges …(Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments. See, for reference, the following documents: BCBS: • *Good practice principles on supervisory colleges (Oct 2010)* • *Report and recommendations on cross-border bank resolution (Mar 2010)* IOSCO: • *Principles Regarding Cross-Border Supervisory Cooperation (May 2010)* IAIS : • *ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges* • *Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: • In the absence of an enabling statutory provision for monitoring the activities of identified FCs, an Inter-Regulatory Forum (IRF) has been established under the aegis of Sub-Committee of FSDC as a college of domestic financial sectoral supervisors (RBI, SEBI, IRDA and PFRDA) for strengthening the supervision of FCs and assessing risks to systemic stability arising from the activities of the FCs. • MOU for supervisory cooperation has been signed by RBI, SEBI, IRDA and PFRDA) to collaborate, co-operate, share information, coordinate on-site examinations, consult on matters of mutual supervisory /regulatory interests and to undertake assessment of systemic risk arising from the	**Planned actions (if any):** • The IRF is in the process of developing the data template for capturing systemic risks due to interconnectedness of FCs and within the FC universe. (The data template for capturing Intra-FC data for effective consolidated supervision is already in place) and also formalizing a mechanism for data collection and analysis. • Periodic discussions with CEOs of group entities of identified FCs: IRF has decided to hold yearly discussions with the EDs and other Executives of the Group entities of the identified FCs by the Principal Regulator, in association with other regulators for reviewing and addressing issues of supervisory concern arising out of analysis of data templates. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				activities of FCs as a part of the FC monitoring framework under the IRF ambit. **Status of progress :** Reform effective (completed) as of : December 2012 **Short description of the content of the legislation/ regulation/guideline:** To take forward the benefits of supervisory cooperation and leverage on the combined supervisory strength of Home and Host supervisors in overseeing bigger banks, the Reserve Bank has set up Supervisory Colleges for State Bank of India and ICICI Bank Ltd, having bigger transnational presence. The first meeting of these Colleges was held at Mumbai in the month of December 2012 and was attended by 9 and 6 Host Supervisors respectively. (The insurance sector regulator does not intent to set up any supervisory colleges. However, it participates in the supervisory colleges which have been set up at international levels where such colleges pertain to those insurers who have set up joint ventures in the Indian jurisdiction.) **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (15)	Supervisory exchange of information and coordination	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)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the *October 2006* Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the *September 2012* BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: IRDA has applied to IAIS to be a signatory to the Multilateral Memorandum of Understanding. The application of IRDA is presently under process. It is expected that the MMOU would provide the gateway for exchange of information between regulators. An Inter Regulatory Forum under the aegis of the Sub Committee (SC) of the Financial Stability Development Council (FSDC) has been set up. **Status of progress :** Reform effective (completed) as of : August 2012 **Short description of the content of the legislation/ regulation/guideline:** i) In addition to the enhanced consolidated supervision for the 12 FCMD banks (as mentioned at point 10	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**
New		Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				above), for the six banking groups also identified as FCs, there is a system of half-yearly meeting with the CEOs of the material entities of the banking group and the sectoral regulators under an inter-regulatory forum of the High Level Coordination Committee on Financial Markets (HLCCFM). However, upon the formation of the FSDC, an inter-regulatory forum under the aegis of FSDC Sub-Committee has subsumed the role of high level monitoring of the FCs and their effective consolidated supervision. This inter-regulatory group under the aegis of the FSDC Sub-Committee has been functioning as a regulators-only group wherein issues pertaining to non-bank entities are also discussed. ii) The financial sector regulators (Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority and Pension Fund Regulatory and Development Authority) signed a Memorandum of Understanding (MoU) for co-operation in the field of consolidated supervision and monitoring of financial groups identified as financial conglomerates.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				The IRDA (Sharing of Confidential Information Concerning Domestic or Foreign Entity) Regulations, 2012, categorises the information into publicly available and not available in the public domain. The request for publicly not available information is further examined to decide whether the information is shareable or non-shareable. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the *October 2006* BCPs 1 and 23 or, if more recent, the *September 2012* BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: In the insurance sector, IRDA Act, 1999 empowers the Authority to regulate and develop the insurance industry independently by making regulations, guidelines and notifications within the framework of Insurance Act, 1938 and Insurance Rules, 1939. The legislative framework in this regard is available at the following link: https://www.irda.gov.in Other actions include formulation of HR policies in this regard and conduct of seminars and training etc. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** In respect of securities market regulator viz. SEBI, the departments concerned	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**
(17)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)			
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				with market supervision are namely, Integrated Surveillance Department (ISD), Investigation Department (IVD), Market Intermediary Registration and Supervision Department (MIRSD) and Market Regulation Department (MRD). Considering the present work load of the departments, current manpower strength, etc. additional manpower requirement for a particular department is assessed and strengthening of the department is done accordingly. Enhanced periodic reporting on half yearly basis is mandated to market intermediaries, in order to strengthen SEBI's monitoring mechanism of intermediaries. These reports are submitted to SEBI only after they have been placed and approved by the intermediary's board. This has thus increased the accountability of their boards in respect of review of regulatory compliance on half-yearly basis and corrective measures initiated to avoid deficiencies in future. Effective supervision through onsite and off-site inspections, enquiry against intermediaries for violations of rules and regulations, enforcement and prosecutions are essential features of effective enforcement of regulation by SEBI. SEBI conducts inspections either	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				directly or through organisations like stock exchanges, depositories etc. Inspections on a periodic basis are conducted to verify the compliance levels of intermediaries. Special purpose / theme based inspections are also conducted on the basis of investor complaints, references, surveillance reports, specific concerns, etc. The inspection of intermediaries is reviewed periodically with a view to expedite the inspection process as well as to improve the quality of follow up action resulting in enhanced level of compliance amongst the stock brokers. The findings of the inspections are communicated to the intermediaries and thoroughly discussed with them wherever necessary, to ascertain their views and action is initiated commensurate with the seriousness of the violation committed by them. SEBI where required, has prescribed an internal audit for intermediaries to be conducted by Chartered Accountants, Company Secretaries or Cost and Management Accountants who are in practice and who do not have any conflict of interest with the CRA. SEBI has issued guidelines wherein transparency and disclosure norms have been prescribed for the	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				intermediaries wherein, they have been directed to maintain proper records in respect of their functioning. SEBI also directs intermediaries to share information among themselves in order to perform their obligations effectively. In order to enable the public in general and the regulator in particular to gauge the quality of public issues handled by the Merchant Bankers, the Merchant Bankers are required to disclose track record of the public issues handled by them on their website. In case of issue of debt securities, SEBI directs intermediaries like the Debenture Trustees and the CRAs to intimate the SEs of any non-compliance on the part of the issuer companies, for dissemination on the SE's website, in order to protect the interests of the debenture holders. In respect of the banking sector: i) Presently Officers working in the area of banking supervision are retained for 5-7 years to build up expertise in regulation and supervision of banks and Financial Institutions. Their rotation and exposure to other supervisory departments like Foreign Exchange Department, Financial Markets department etc. gives them exposure to specific areas of central	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				banking which helps them in better supervising the banking system. The Reserve Bank is constantly reviewing our human resources in the context of both demands of supervision and knowledge and skill levels. ii) There is an ongoing process of reviewing the training requirements and skill up-gradation of officers and arranging for conducting /deputing them for such specialised programmes. The officers are deputed for various programmes conducted by local and external bodies including Federal Reserve, Bank of England, BAFIN, SEACEN etc. where there is a process of award of certificates on successful completion of the programmes. They are encouraged and given incentives to take up certification courses offered by Global Association of Risk Professionals, Indian Institute of Banking and Finance and other professional bodies. As such the processes for enhancing skills through training /attachments are in place. Further, the Reserve Bank has decided to make a migration to Risk Based Supervision (RBS) for select banks from April 2013 onwards. These efforts at capacity building and sharpening the skills of officers in supervision is part of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the ongoing efforts to build and retain a skilled, dedicated and motivated team of officers in supervision. Further, some training programmes are being conducted jointly with FED Reserve, FSI. **Web-links to relevant documents:** http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=21189	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Building and implementing macroprudential frameworks and tools**				
13 (18) (19)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks[3] and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** The regulatory framework, as it evolved in India over the years, addresses the issue of systemic risk, through prudential capital requirements, exposure norms, liquidity management, asset liability management, creation of entity profile and reporting requirements, corporate governance and disclosure norms for both and non banking finance companies defined as systemically important and hence treated as a source of potential risk.	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				The ultimate objective was that such interconnectedness should not result in transmission of risk to banks or the payment and settlement system. A Systemic Stability Unit (SSU) has been set up in SEBI to regularly monitor systemic vulnerabilities in the market and assess systemic risks, if any, emanating from securities market and offer co-ordinated assistance/ inputs from SEBI to Financial Sector Development Council (FSDC) in monitoring Systemic Risks in respect of Securities Market and monitoring of Systemically Important Financial Institutions under the jurisdiction of SEBI. Establishing Early Warning Team (EWT): Pursuant to the decisions of the FSDC SC in connection with the Crisis Management Arrangements, SEBI has also formed an internal team i.e. Early Warning Team (EWT) which will monitor the early warning signals in the securities markets as also to precipitate quick action in the event of crisis. Financial Stability Development Council (FSDC) was established to institutionalize and strengthen the mechanisms for maintaining financial stability, financial sector development	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and inter-regulatory coordination, and without prejudice to the existing mandates and autonomy of the regulators. The FSDC is chaired by the Union Finance Minister, with the financial regulators as its members. Within the umbrella of the FSDC a subcommittee on inter-regulatory coordination has been set up. It is integrated by the heads of the regulatory agencies (RBI, SEBI, IRDA, PFRDA), and chaired by the RBI. A joint MOU for forging cooperation in the field of supervision of Financial Conglomerates, has been signed by the Indian financial regulators (namely, RBI, SEBI, IRDA and PFRDA). The MOU was signed in March 2013. The MOU is a statement of intent by the Authorities to collaborate, co-operate, share information, coordinate on-site examinations, consult on matters of mutual supervisory /regulatory interests and to undertake assessment of systemic risk arising from the activities of Financial Conglomerates, as a part of the Financial Conglomerates monitoring framework. In India, Financial Conglomerate (FC) is a Group which has significant presence in at least two financial market segments (Banking, Capital Market, Insurance,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Pension, Non-Banking Finance) regulated by more than one of the Authorities/Regulators or otherwise so identified due to its significance to the financial system. Each Authorities/ Regulators would endeavour and co-operate to share and reciprocate information relating to the analysis of the financial condition, risk management systems, internal controls, capital base, liquidity and funding resources of the Financial Conglomerate under its respective supervisory jurisdiction. Section 11(2)(i) of SEBI Act, 1992, gives SEBI the power, *inter alia*, for calling for information from stock exchanges, mutual funds, other persons associated with the securities market, intermediaries and self- regulatory organizations in the securities market. Section 11(2)(ia) of SEBI Act, 1992 also gives power to SEBI for calling for information and record from any bank or any other authority or board or corporation established or constituted by or under any Central, State or Provincial Act in respect of any transaction in securities which is under investigation or inquiry by the Board. By virtue of these provisions, SEBI is	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				empowered to call for or furnish to any such agencies, as may be specified by the Board, such information as may be considered necessary by it for the efficient discharge of its functions. SEBI has entered into MoUs with a number of regulators for cooperation and exchange of information and is also one of the early signatories to IOSCO MMoU in exercise of said powers. In respect of banking sector : i) The FSDC is assisted by a Sub Committee, which is chaired by the Governor of the Reserve Bank. Other members of the Sub Committee are the same as FSDC. Additionally, the Sub Committee also has all the Deputy Governors of the Reserve Bank as its members. The Sub Committee has since emerged as the operating arm of the FSDC. Among others, the FSDC is also mandated with macroprudential supervision including functioning of large financial conglomerates. The respective regulators further are mandated with the responsibility of supervision of their regulated entities, including the associated risks. ii) Within the Reserve Bank, a Financial Stability Unit was set up in 2009 which is	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				responsible for continuous macroprudential surveillance of the financial system. This department also conducts stress tests to gauge the resilience of the financial system and identify potential soft spots as well. In addition, a biannual Financial Stability Report (FSR) is also published. Besides the FSR, which is available in public domain, more frequent systemic risk assessments are conducted by the department which is put for internal use. **Web-links to relevant documents:** http://finmin.nic.in/the_ministry/dept_eco_affairs/capital_market_div/Financial_stability.pdf http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=21189	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20)	Enhancing system-wide monitoring and the use of macro-prudential instruments	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)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the CGFS document on *Operationalising the selection and application of macroprudential instruments (Dec 2012)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: See below. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** The Reserve Bank has been traditionally using various kinds of macroprudential tools, more specifically the countercyclical tools without ever calling them so, to safeguard the banking sector from excessive credit exuberance in certain sensitive segments and reduce interconnectedness among banks. Macroprudential policies in the Indian context have attempted to address both time and cross sectional dimensions of systemic risks. Further, the monetary and countercyclical measures have always been complementary. During the period from 2004 to 2009, the monetary	**Planned actions (if any):** The Reserve Bank is working on operationalisation of a countercyclical provisioning and capital frameworks. Further, the Reserve Bank is in the process of identifying Domestic Systemically Important Banks. **Expected commencement date:** **Web-links to relevant documents:**
(21)		Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*, and the IMF paper on *Macroprudential policy, an organizing framework (Mar 2011).*		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				tightening and easing phase corresponds respectively to increase in sectoral capital and provisioning requirements and easing of these requirements. During 2004-08, the Indian economy exhibited high real GDP growth of around 9 % resulting in sharp increase in asset prices and fuelling inflationary expectations. Consequently, the repo rate was increased in phases from 6 % in September 2004 to 9 % in August 2008. This period also saw an increase of 450 basis points in the cash reserve ratio, from 4.5 % in 2004 to 9 % in 2008. During the same time, risk weight on banks' exposure to commercial real estate was increased by up to 150 % in May 2006. Risk weight on exposure to other sensitive sectors, like capital market, retail housing loans also saw similar increases. The provisions for standard assets were also revised upwards progressively in November 2005, May 2006 and January 2007, in view of the continued high credit growth in the real estate sector, personal loans, credit cards receivables, loans and advances qualifying as capital market exposures and loans and advances to the NBFCs. The 2004-2008 upswing was followed by	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				a slowdown, during which the Reserve Bank aggressively eased its monetary policy and prudential norms were also relaxed. No changes have occurred in the mandate of the IRDA with respect to (i) to (v) listed under "Remarks". However, under the FSDC set up monitoring mechanisms have been strengthened. Committees have also been set up to coordinate at inter-regulatory levels of areas relating to Financial Conglomerates, Financial Inclusion and Literacy, Shadow Banking, Network Analysis, Distribution of Financial Products , Crisis Management and Resolution Regime. SEBI: • Identify and collect systemic risk information through a template for regular review to identify, assess & mitigate emerging systemic risks in securities market – the template is being finalised. • Develop a time series of core set of securities market indicators having bearing on systemic stability of financial market - Time series would be developed once the template is finalised	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				• Conduct stress test of systemically important institutions in securities market to assess resilience- Policy w.r.t stress testing of CCPs is underway. • Conduct research relating to Systemic Issues in securities market viz., ownership structure, leverage, inter-connectedness of market segments risks concentration behaviour under stressed conditions; unregulated products/markets/entities etc., and recommend regulations to manage systemic risk-Various research studies have been carried out flagging systemic concerns. • Prepare periodic Systemic Stability Report in respect of securities marketing India – SEBI contributes to Financial Stability Report published every six months by Reserve Bank of India. • Mandate risk assessment methodologies to relevant market participants for their self –assessment and reporting to SEBI – Policy w.r.t. market Participants other than CCPs is under considerations. • Co-ordinating and providing	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				assistance to FSDC on issues pertaining to financial stability macro prudential regulations and supervision – Ongoing. Systemic Stability unit (SSU) was set up in SEBI to assess systemic risks, if any, emanating from securities market and offer coordinated assistance/inputs from SEBI to FSDC in monitoring systemic risks in respect of Securities Market and monitoring of SIFIs under the jurisdiction of SEBI. Establishing Early Warning Team (EWT): Pursuant to the decisions of the FSDC SC in connection with the Crisis Management Arrangements, SEBI has also formed an internal team i.e. Early Warming Team (EWT) which will monitor the early warning signals in the securities markets as also to precipitate quick action in the event of crisis. • Financial Stability and Development Council (FSDC) is apex-level body constituted by Government of India, set up in 2010. FSDC was formed to bring greater coordination among financial market regulators. • FSDC is assisted by a Sub-Committee, headed by the Governor, RBI. The Sub-committee has	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				replaced the existing High Level Coordination Committee on Financial Markets. The Sub-Committee meets once in a quarter. • In order to provide focused attention to the broad areas of functioning of the FSDC and its Sub-Committee, the Sub-Committee had decided to form two Technical Groups under the FSDC-SC: (a) Inter Regulatory Technical Group (IRTG) with a remit to address issues related to risks to systemic Financial Stability & inter-regulatory coordination. (b) The Technical Group on Financial Inclusion and Financial Literacy. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Jurisdictions can make reference to the following BCBS documents: • *Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010)* • *Good Practice Principles on Supervisory Colleges (Oct 2010)* *(Principles 2, 3 and 4 in particular)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: MoUs and Inter-Regulatory Fora **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** i) The Reserve Bank, which is the Central Bank of India, also serves as the regulator and supervisor of the banking sector, non-banking finance sector, certain sectors of the financial markets and the payment and settlement system. This facilitates cooperation/coordination between the monetary policy and supervisory wings of the central bank. ii) An institutional forum for coordination between regulators/supervisors existed in India under the HLCCFM framework. This has been subsequently placed on a more formal footing with the setting up of the Sub Committee of the FSDC. iii) Within the framework of the FSDC Sub	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Committee, an Inter Regulatory Forum has been set up with representations from all financial sector regulators, that is dedicated for intensive monitoring of the large and complex financial institutions, which are more commonly referred to as financial conglomerates (FCs). iv) Another technical group, with representations from all financial sector regulators that has been set up under the FSDC mechanism is the Early Warning Group (EWG). This group is committed to identifying incipient indicators of systemic risk. v) The Reserve Bank has entered into Memoranda of Understanding (MoUs) with 16 jurisdictions. These MoUs are in line with the BCBS literature in the matter for establishment of an MoU on "Supervisory Cooperation and Exchange of Supervisory Information" with identified countries. The MoU encompasses supervisory cooperation in areas like sharing of information, coordination during onsite inspections, role of supervisors during crisis management, maintenance of confidentiality of shared information etc. The Reserve Bank is also actively pursuing with 24 other overseas supervisors for establishing MoU on Supervisory Cooperation. These include important jurisdictions such as the US,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Hong Kong, etc. SEBI (SSU) provides inputs from the securities market related perspective for Financial Stability Report (FSR) published by Central Bank (RBI). The Financial Stability assessment is published in the Financial Stability Report with inputs from all sectoral regulators in financial market. The sectoral regulators also share information with RBI, as may be desired for monitoring of systemic risk though network analysis and information on Systemically Important Financial Institutions. The above mechanism of FSDC ensures that policies and programmes having wider implication on the financial sector are discussed, decided and implemented in a coordinated manner. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Improving oversight of credit rating agencies (CRAs)**				
16 (23) (24) (25)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London) 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)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • *Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)* Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of *Principles and Objectives of Securities Regulation (Jun 2010)* which calls for registration and oversight programs for CRAs; • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)*; and • *Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** The Securities and Exchange Board of India (SEBI) is primary regulator of CRAs. The Reserve Bank provides accreditation to CRAs for the limited purpose of their use for regulatory purposes i.e. for bank loan rating to facilitate computation of capital charge under Standardised approach. The process of accreditation is quite elaborate and it assesses the quality of ratings assigned by CRAs in the past and their integrity and robustness of their systems and processes. Also, the Reserve Bank reviews the performance of the ratings assigned by these CRAs on an annual basis. Registration – SEBI has laid down	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				a comprehensive procedure for registration of any entity desirous of undertaking the credit rating activities as defined in the SEBI (Credit Rating Agencies) Regulations, 1999. Supervision – SEBI (Credit Rating Agencies) Regulations, 1999 specify several mechanisms for supervising the functioning of the credit rating agencies which fall under the regulatory purview of SEBI. These are: Submission of information to the Board. Board's right to undertake inspection or investigation of the books of account, records and documents of the credit rating agency. Maintenance of Books of Accounts records, etc. Appointment of Compliance Officer Enforcement action – In case of any violations of the rules, regulations, guidelines or directives issued by the regulatory body, the Board after consideration of inspection or investigation report is authorized to take appropriate action. Code of Conduct – A SEBI registered CRA is required to develop its own internal code of conduct for governing its internal operations and laying down its standards of appropriate conduct for its employees and officers in the carrying out of their duties within the credit rating agency and as a part of the industry. Such a code may extend to the maintenance of professional excellence	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and standards, integrity, confidentiality, objectivity, avoidance of conflict of interests, disclosure of shareholdings and interests, etc. Such a code shall also provide for procedures and guidelines in relation to the establishment and conduct of rating committees and duties of the officers and employees serving on such committees. Internal Audit – SEBI has directed that an internal audit of all SEBI registered CRAs should be conducted on a half yearly basis. The exercise has to be undertaken by Chartered Accountants, Company Secretaries or Cost and Management Accountants who are in practice and who do not have any conflict of interest with the CRA. The audit should cover all aspects of CRA operations and procedures, including investor grievance redressal mechanism, compliance with the requirements stipulated by SEBI from time to time. Transparency & Disclosure – SEBI has issued guidelines wherein transparency and disclosure norms have been prescribed for the CRAs. As per the guidelines, CRAs have been directed to maintain proper records, inter alia, in respect of the rating processes, default studies, dealing with conflict of interest, income, etc. Standardised Rating symbols & definitions – CRAs registered with SEBI were using different rating symbols	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and definitions. For easy understanding of the rating symbols and their meanings by the investors and to achieve high standards of integrity and fairness in ratings, SEBI has standardized the rating symbols and definitions. SEBI is probably one of the first regulators in the world to come up with this investor friendly regulation. Compliance with IOSCO Code of Conduct – CRAs are required to disclose compliance with IOSCO Code of Conduct on their respective websites. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	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)	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : Revised accounting standards will depend on finalisation of international standards. **Short description of the content of the legislation/ regulation/guideline:** India has its own set of accounting standards called the Indian Accounting Standards (IAS). India has made a commitment to converge the IAS with IFRS. A roadmap in this regard was also drawn up by the Government of India which inter alia envisaged Indian banks to migrate to IFRS converged Indian Accounting Standards from April 1, 2013 onwards. However, due to domestic issues and delays in finalisation of IFRS 9 and reopening of previously finalised versions of IFRS 9, a revised roadmap for	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the migration to IFRS is under consideration. IRDA is awaiting IFRS 4 (Exposure Draft) to be published by IASB in June 2013 for comments. Thereafter, one year after adoption by Indian Banks, IRDA proposes to implement IFRS converged standards. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (28)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: • *Basel 2.5 standards on prudent valuation (Jul 2009)* • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: See below **Status of progress :** Draft in preparation, expected publication by : **Short description of the content of the legislation/ regulation/guideline:** Indian Insurance Industry follows prudential valuation basis in valuing the assets and liabilities. Fair value accounting is followed only in respect of "Real estate-investment property and Equity Securities and Derivative Instruments". However, fair valued financial instruments which are accounted under the heading "Fair Value Change Account" will not be considered for solvency purposes. Hence, prudent valuation measures are in place to dampen adverse dynamics potentially associated with fair value accounting. The IASB after announcing the IFRS 9 will need to looked after by ICAI for	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**
(29)		Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				convergence to Indian standards. Thereafter, one year after the adoption by Indian banks, IRDA proposes to implement IFRS 9 converged standards. In the context of the banking sector, extant Reserve Bank of India guidelines have a conservative asymmetric approach towards the recognition of unrealised items i.e. banks are required to provide for unrealised losses but are not allowed to recognise unrealised gains on investments. Further, India has made a commitment to converge to IFRS. Thus, after this convergence, Indian GAAP would include IFRS 13. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31) (33) (34) (35)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington) 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[4] 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)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's *Principles for the supervision of financial conglomerates (Sep 2012)* and the following BCBS documents: • *Principles for effective risk data aggregation and risk reporting (Jan 2013)* • *The Liquidity Coverage Ratio (LCR) (Jan 2013)* • *Principles for the sound management of operational risk (Jun 2011)* • *Principles for sound stress testing practices and supervision (May 2009)* Jurisdictions may also refer to FSB's February 2013 *thematic peer review report on risk governance*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : November 2012 (in respect of banking sector) **Short description of the content of the legislation/ regulation/guideline:** The Reserve Bank has issued detailed guidance notes to banks in the areas of risk management systems, credit, market and operational risks, stress testing and liquidity risk etc which also covers foreign currency funding risks **Web-links to relevant documents:** http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/CLRMB071112_F.pdf http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/78232.pdf	**Planned actions (if any):** The Reserve Bank is in the process of revising its guidelines on stress testing issued to banks. Further, liquidity risk related aspects of guidelines on Basel III like LCR and NSFR will be issued shortly. **Expected commencement date:** **Web-links to relevant documents:**

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The norms prescribed by IRDA for the insurance sector for impairment of assets are similar to those prescribed by RBI. The requirement for additional capital is based on solvency margin requirement which is excess of assets over liabilities. The ratio of required solvency margin to available to solvency margin has been kept at 150%. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** The Indian banking system did not suffer from any direct consequence of the global financial crisis. However, impaired assets of the Indian banking system have of late increased due to various reasons including global as well as domestic slowdown of the economy. The position is proactively monitored by the Reserve	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Bank and policy action as and when required is taken to further strengthen the credit risk management system in banks. i) The asset quality of banks is examined during the Annual Financial Inspection (AFI) conducted by the Reserve Bank and any additional provision requirement for impaired assets is adjusted with the capital of the banks along with other adjustments, if any. ii) The Reserve Bank has adopted policies on NPA and restructuring of advances keeping in view prudence, viability and recoverability aspects. This may be inferred from the following measures that the Bank has tried to put in place to arrest the trend of NPAs and monitor the trend in restructuring of advances. ii) Banks have been advised to put in place a robust mechanism for early detection of signs of distress, and measures, including prompt restructuring in the case of all viable accounts wherever required, with a view to preserving the economic value of such accounts; and to mandate banks to have proper system generated segment-wise data on their NPA accounts, write-offs, compromise settlements, recovery and restructured accounts. iii) The Reserve Bank has been sensitizing Nominee Directors on the Boards of banks and in its regular interactions with the Chairmen of banks to tighten up compliance with	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Income Recognition and Asset Classification (IRAC) norms and constantly monitor the quality of their credit portfolios to identify incipient sickness and initiate timely remedial actions. iv) Public sector banks were advised on November 30, 2012 that they should take adequate steps to strengthen their risk management systems, credit appraisal and sanction process, post sanction monitoring and follow-up and, have a robust MIS mechanism for early detection of incipient weaknesses/distress and for taking steps for remedial measures and recovery of bank's dues. It has been also advised that the restructuring of advances is undertaken in a transparent and objective manner and in conformity with the regulatory guidelines. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on *Enhancing the Risk Disclosures of Banks*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : July 2012 **Short description of the content of the legislation/ regulation/guideline:** For the banking sector, disclosure requirements in India are quite stringent. Banks are required to disclose details on asset quality, liquidity profile, capital, investment, etc. For securities market sector, in terms of SEBI (Mutual Fund) Regulations, 1996, and master circular no. SEBI/IMD/MC No.3/10554/2012 dated May 11, 2012, disclosures are made in the Scheme Information Document (SID) relating to the financial instruments in which schemes invests. Risk associated with such instruments and risk mitigation measures are also disclosed in SID. (IFRS 7) In terms of Eighth Schedule of SEBI (Mutual Fund) Regulations, 1996, the valuation of investments of the schemes	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				is done by applying fair value principles. (IFRS 13) Reforms effective (completed): **Investment in financial instrument and risk arising and management (IFRS 7):** The requirement for disclosure in this regard is already in place in terms of SEBI (Mutual Fund) Regulations, 1996. **Fair Value Measurement (IFRS13):** Fair Value Principles were made effective by amending SEBI (Mutual Fund) Regulations, 1996, in February 2012. **Web-links to relevant documents:** SEBI (Mutual Fund) regulations, 1996: http://www.sebi.gov.in/cms/sebi_data/commondocs/mfundsnew_p.pdf SEBI Master Circular no. SEBI /IMD/MC No.3/10554/2012, dated May 11, 2012: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1337083696184.pdf http://rbidocs.rbi.org.in/rdocs/notification/PDFs/41MD010712SF.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	**Strengthening deposit insurance**				
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems.*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: A Working Group on Reforms in Deposit Insurance gave its suggestions on various issues aimed at improving the effectiveness of deposit insurance system in India. The recommendations of the Group have been forwarded to Government of India for consideration. The suggestions take into account the recommendations of FSB thematic peer review report on deposit insurance systems. **Status of progress :** Draft in preparation, expected publication by : **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Safeguarding the integrity and efficiency of financial markets**				
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: • *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)*; and • *Report on Principles for Dark Liquidity (May 2011)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The recommendations put forward by IOSCO in its report on 'Regulatory issues raised by the impact on technological changes in market integrity and efficiency' dated October 2011 were taken into account while issuing guidelines for Stock Exchanges and Stock Brokers on 'algorithmic trading' in March 2012. I) Further to that, SEBI vide circular dated December 13, 2012 mandated pre trade risk controls such as: 1) Any order with value exceeding Rs. 10 crore per order shall not be accepted by the stock exchange for execution in the normal market. 2) Stock exchange need to ensure that stock brokers put-in place a mechanism to limit the cumulative value of all unexecuted orders	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				placed from their terminals to below a threshold limit set by the stock brokers. 3) Stock exchanges need to ensure that the stock brokers are mandatorily put in risk-reduction mode when 90% of the stock broker's collateral available for adjustment against margins gets utilized on account of trades that fall under a margin system. Such risk reduction mode shall include the following: (a) All unexecuted orders shall be cancelled once stock broker breaches 90% collateral utilization level. (b) Only orders with Immediate or Cancel attribute shall be permitted in this mode. (c) All new orders shall be checked for sufficiency of margins. (d) Non-margined orders shall not be accepted from the stock broker in risk reduction mode. (e) The stock broker shall be moved back to the normal risk management mode as and when the collateral of the stock broker is lower than 90% utilization	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				level. II) SEBI vide circular dated December 19, 2012 has realigned the BMC requirements with the risk profiles of the stock brokers / trading members in cash / derivative segment of the stock exchange. III) SEBI vide circular dated February 14, 2013 introduced periodic call auction for illiquid scrips in the equity market. **Status of progress :** Reform effective (completed) as of : March 30, 2012 **Short description of the content of the legislation/ regulation/guideline:** In the recent past SEBI has taken following measures in consultation with the stock exchanges : SEBI has advised the Exchanges to put a penalty of Rs. 10,000 on brokers who execute trades on behalf of clients without uploading UCC and PAN details of such clients. Companies are required to make disclosures in respect of price sensitive information to stock exchanges particularly flowing from SEBI (Prohibition of Insider Trading) Regulations, and Listing agreement. SEBI advised the exchanges to put in	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				place a secure mode of filing of information so that the authenticity of the source of the information is ascertained by the exchanges before disseminating the same. In order to discharge their surveillance responsibilities effectively, SEBI has reviewed and strengthened the Surveillance Committee of the stock exchanges. SEBI has mandated all Exchanges to disseminate for each derivative stock, the combined open position of group of connected entities, on the respective Exchange website, twice a month without disclosing the individual names. The criteria for determining connected entities and methodology for dissemination of combined positions have also been prescribed by SEBI. In order to arrest any further misconduct in the market by trading entities, it was decided that the exchanges shall issue observation letter/caution letter to such entities whose behaviour is found to be aberrant and prima facie does not appear to be in conformity with the extant securities law governing the securities market. SEBI advised the exchanges to put in place systems to prevent leakage of information. As a surveillance measure the exchanges were advised to apply price bands on stocks which do not have derivative products available on them but	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				are forming part of the index on which derivative products are available, in case such stock witness sharp intraday movements. **Web-links to relevant documents:** http://www.sebi.gov.in/cms/sebi_data/attachdocs/1355406529538.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1355915021615.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1360851620748.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets. See, for reference, 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 *report* published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** (i) The Forward Markets Commission has been fixing the open position limits for member and non member's clients for the delivery months (near month) and aggregate months since 2006. (ii) It may also be mentioned that the Forward Markets Commission, the Regulator for Commodity Derivative markets does not regulate cash or OTC markets. (iii) In order to enhance market transparency, the Commission has initiated measures to regulate Algo trading, display of contract details, stocks in the warehouses, disclosure of physical market position, more intensive monitoring for margin collection to	**Planned actions (if any):** The Commission proposes to review guidelines on open position limits and also link it to other criteria such as networth, number of clients etc. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				ensure proper risk management at member level etc. (iv) Supervision of intermediaries is done by the Exchanges, which are regulated entities. **Web-links to relevant documents:** www.fmc.gov.in	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes) We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The concept of LEI is primarily to be used for identification of entities operating in the Over The Counter (OTC) derivatives market. Nevertheless, the identification of clients through Unique Client Code (UCC) linked to Permanent Account Number (PAN) is already in place for Exchange traded market both cash and derivatives. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** The Reserve Bank has supported the LEI initiative from the beginning and it is a member in the LEI ROC. Internally, a steering group in the Reserve Bank has been appointed which is presently looking after the implementation of LEI in India. The Steering Group has finalised the criteria for selection of the	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				entity which will act as the pre-LOU in India and is shortly expected to select an entity for the purpose. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI.	**Enhancing financial consumer protection**				
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** For enhancing consumer protection in the activities related to securities market, SCORES (SEBI Complaints Redress System) a web based centralized grievance redress system has been set up by SEBI. The URL of the same is (http://scores.gov.in). SCORES enables investors to lodge and follow up their complaints and track the status of redressal of such complaints online from the above website from anywhere. In the new system, all the activities starting from lodging of a complaint till its closure by SEBI would be online in an automated environment and the status of every complaint can be viewed online in	**Planned actions (if any):** National Strategy on financial Education - Action Plan to be executed in the five year period. To set up the structure as envisaged in this document To incorporate basic financial education in school curricula up to senior secondary level Create awareness about consumer protection and grievances redressal machinery available in the country The Financial Education to be delivered by trained persons in a format suitable to each target group with the content that has been developed by rigorous research All the above measures would be undertaken through various stakeholders including NGOs, civil society and by using all channels of mass communication To establish initial contact with 500 million adults, educating them on key saving, protection and investment related products so that they are empowered to take prudent financial decisions Stakeholders- Regulators, Central and State governments, financial market players, professional institutes, NGOs, Educational boards and institutions etc. The Action plan is proposed to be implemented through National Centre for financial Education (NCFE), to be formed initially under

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the above website at any time. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form at any of the offices of SEBI. Such complaints are scanned and uploaded in SCORES for processing. SCORES enables the market intermediaries and listed companies to receive the complaints online from investors, redress such complaints and report redressal online. .In view of above, all grievances received will be in electronic mode with facility for online updation of Action Taken Reports by the users. Grievances pertaining to stock brokers and depository participants are taken up with respective stock exchange and depository for redressal and monitored by SEBI through periodic reports obtained from them. Grievances pertaining to other intermediaries are taken up with them directly for redressal and are continuously monitored by SEBI. Grievances against listed company are taken up with the respective listed company and are continuously monitored. The company/intermediary is required to respond in prescribed format in the form of Action Taken Report (ATR). Upon the receipt of ATR, the status of grievances is updated. Where the response of the company is insufficient / inadequate,	National Institute of Securities Markets, the educational arm of SEBI. Ministry of Corporate Affairs portal is to be linked to SCORES. This process of providing link to SCORES is underway. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				follow up action is initiated. If the progress of redressal of investor grievances by an entity, is not satisfactory, appropriate enforcement actions (adjudication, direction, prosecution etc.) are initiated against such entity SCORES gives the facility of tracking each complaint on real time basis. Ministry of Finance /Centralized Public Grievance And Redress Monitoring System(CPGRAMS) of Government of India has links with SCORES and complaints lodged on Government of India portals are seamlessly transferred to SCORES. Monitoring of such complaints could be done by either of the portals. All self regulated organisations like Stock Exchanges/ Depositories have been mandated to have independent Arbitration mechanism. If the grievance is not resolved by the Stock Exchange/Depository due to disputes, an investor can file arbitration subject to the Bye-laws, Rules and Regulations of the Exchange / Depository. all claims, differences or disputes between the investors and stock brokers/depository participants can be filed for arbitration Various investor awareness and education activities under IPEF Regulation 2009 a) Dedicated investor Website - http://investor.sebi.gov.in/index.html	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				b)Workshops / seminars done by SEBI and through stock exchanges and depositories or various bodies like Association of Mutual Funds of India (AMFI) which does not have promotion of any brand./ company etc. c) Financial education workshops through SEBI empanelled Resource Persons on pan India Level d)Visit to SEBI – school, college and professional students e) Toll free helpline for assistance and information with respect to securities market f) Mass Media Campaign etc. The Reserve Bank's Master Circular on Customer Service in Banks provides detailed guidance to banks on the issues of Customer service. In the banking sector, the Banking Ombudsman Scheme in in effect. In the insurance sector, IRDA seeks to empower consumers by educating them regarding details of the procedures and mechanisms that are available for grievance redressal as well as their Rights and Obligations as policyholders. Policyholders shall be provided with inexpensive and speedy mechanisms for complaints disposal and the IRDA (Protection of Policyholders Interests) Regulations, 2002 require insurance companies to have in place, effective and speedy grievance redress mechanisms.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				IRDA has issued Guidelines for Grievance Redressal, which lay down specific timeframes and turnaround times (TATs) for response, resolution etc., which will further strengthen the redressal systems insurers already have in place. The effectiveness of the mechanisms needs to be monitored by the Regulator. To enable this as well as create a central repository of industry-wide insurance grievance data, IRDA has implemented the Integrated Grievance Management System (IGMS). **Web-links to relevant documents:** http://rbi.org.in/Scripts/NotificationUser.aspx?Mode=0&Id=7363	

XII. Source of recommendations:

Los Cabos: The G20 Leaders Declaration (18-19 June 2012)
Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
Seoul: The Seoul Summit Document (11-12 November 2010)
Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)
Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Washington: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)
FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)

XIII. List of Abbreviations used:

AFI: Annual Financial Inspection
AIF: Alternative Investment Funds
AMC: Asset Management Company
ATR: Action Taken Report
AUM: Assets Under Management
BAFIN: Federal Financial Supervisory Authority
BCBS: Basel Committee on Banking Supervision
BCSBI: Banking Codes and Standards Board of India
BMC: Base Minimum Capital
CPGRAMS: Centralized Public Grievance And Redress Monitoring System
CRA: Credit Rating Agency
D-SIBs: Domestic Systemically Important Banks
EWG: Early Warning Group
EWT: Early Warning Team
FCMD: Financial Conglomerates Monitoring Division
FCs: Financial Conglomerates
FED: Federal Reserve System
FSB: Financial Stability Board
FSDC: Financial Stability Development Council
FSI: Financial Stability Institute
FSR: Financial Stability Report FSR: Financial Stability Report
FSU: Financial Stability Unit
GAAP: Generally Accepted Accounting Principles
GDP: Gross Domestic Product
G-SIBs: Globally Systemically Important Banks
HLCCFM: High Level Coordination Committee on Financial Markets
HNIs: High networth individuals
IAIS: International Association of Insurance Supervisors
IAS: Indian Accounting Standards
IASB: International Accounting Standards Board
ICAI: Institute of Chartered Accountants of India
ICICI: Industrial Credit and Investment Corporation of India
IFRS: International Financial Reporting Standards
IGMS: Integrated Grievance Management System
IOSCO: International Organization of Securities Commissions
IRAC: Income Recognition and Asset Classification
IRDA: Insurance Regulatory and Development Authority IRF: Inter-Regulatory Forum
IRTG: Inter Regulatory Technical Group
LEI: Legal Entity Identifier
LIC: Life Insurance Corporation
LLPs: Limited Liability Partnerships
LTV: Loan-to-Value MF: Mutual Funds
MHP: Minimum Holding Period

MMF: Money Market Fund
MMoU: Multilateral Memorandum of Understanding
MoU: Memorandum of Understanding
MRR: Minimum Retention Requirements
NAV: Net Asset Value
NBFC: Non-Banking Financial Company
NBFC-MFI: NBFC Micro Finance Institutions
NCFE: National Centre for Financial Education
NGO: Non-Government Organisation
NPA: Non Performing Asset
OTC: Over-the-Counter (derivatives)
PAN: Permanent Account Number
PFRDA: Pension Fund Regulatory and Development Authority
RBI: Reserve Banking of India
RBS: Risk Based Supervision
REPO: Repurchase Agreement
RRB: Regional Rural Bank SC: Sub-Committee (of FSDC)
SCORES: SEBI's Complaint Redress System
SEACEN: South East Asian Central Banks
SEBI: Securities and Exchange Board of India
SEs: Stock Exchanges
SID: Scheme Information Document
SPV: Special Purpose Vehicle SSU: Systemic Stability Unit
TATs: Turnaround times
UCB: Urban Cooperative Bank
UCC: Unique Client Code
USD: US Dollar