

FSB- G20 - MONITORING PROGRESS – France September 2010 [For Publication in March 2011]

#	G20/FSB RECOMMENDATIONS			DEAD-LINE	PROGRESS TO DATE	PLANNED NEXT STEPS
					<p><u>Explanatory notes:</u></p> <p>In addition to information on progress to date, specifying steps taken, please address the following questions:</p> <p>Have there been any material differences from relevant international principles, guidelines or recommendations in the steps that have been taken so far in your jurisdiction?</p> <p>Have the measures implemented in your jurisdiction achieved, or are they likely to achieve, their intended results?</p>	<p><u>Explanatory notes:</u></p> <p>Timeline, main steps to be taken and key mileposts (Do the planned next steps require legislation?)</p> <p>Are there any material differences from relevant international principles, guidelines or recommendations that are planned in the next steps?</p> <p>What are the key challenges that your jurisdiction faces in implementing the recommendations?</p>
I. Building high quality capital and mitigating procyclicality						
1	(Pitts)	Basel II Adoption	All major G20 financial centres commit to have adopted the Basel II Capital Framework by 2011.	By 2011	The Basel II framework has entered into force in France since 2007, through the French transposition of the EU Capital Requirement Directive which integrates the Basel II framework in the EU legislation.	

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2	(FSB 2009) (Tor)	Basel II trading book revision	Significantly higher capital requirements for risks in banks' trading books will be implemented, with average capital requirements for the largest banks' trading books at least doubling by end-2010. We welcomed the BCBS agreement on a coordinated start date not later than 31 December 2011 for all elements of the revised trading book rules.	By end-2010	International principles have been integrated in a Directive amending the EU Capital Requirement Directive, called CRD3. Trading book revisions will have to be implemented by Member States by 31/12/2011.. The Prudential Supervisory Authority is in the process of bringing into force in national law the Directive. French institutions are currently integrating the new international standards in their methodologies and risk management and developing the adequate models in order to meet the deadline of December 2011.	Formal vote of the EU Directive was made in July 2010 and transposition at national level has started and will be completed before the date of application (31 12 2011) On-site inspections will be carried out in autumn at national level to check the consistency with international standards of banks' enhanced models.
3	(Pitts)	Build-up of capital by banks to support lending	We call on banks to retain a greater proportion of current profits to build capital, where needed, to support lending.	Ongoing	The Prudential Supervisory Authority encourages banks to adopt very cautious dividend and compensation policies and to retain a larger proportion of profits to strengthen capital, in order to support lending.	
4	(FSF 2009)	Basel II – Pillar 2 enhancement	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.	End-2009 and ongoing	France participated to the elaboration of the CEBS guidelines on stress testing (published In August 2010)	Expected review process of BCBS guidelines on “Best practices for supervisory stress testing” in 2010, under the CEBS aegis and as result, targeted at European Authorities.

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7	(FSF 2008)	Monitoring of banks' implementation of the updated guidance	II.10 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.	Ongoing	The BCBS Principles for Sound Liquidity Risk Management and Supervision have been introduced within the French regulatory framework by the Order of 5 May 2009 on the identification, measurement, management and control of liquidity risk and by a modification of the Order n°97-02 on the internal control. CEBS papers on: i) Liquidity risk management (september2008), ii)Liquidity Identity Card on the information to be exchanged within supervisors colleges and iii)Liquidity buffers & survival periods (December 2009) have also completed the framework applicable to French credit institutions.	The Order of 5 may 2009 has entered into force end June 2010 and has fostered the requirements on liquidity risk measurement, management and control for all France-based credit institutions. Furthermore, credit institutions are incited to improve their internal liquidity risk methodologies by developing their own internal advanced approaches while complying with regulatory requirements (e.g. leading of stress tests, diversification, mismatch reportings, buffers...).
8	(Lon)	Development of liquidity framework	The BCBS and national authorities should develop and agree by 2010 a global framework for promoting stronger liquidity buffers at financial institutions, including cross-border institutions.	By 2010	The Prudential Supervisory Authority has contributed to the group of the BCBS which has developed an international framework for liquidity measurement, standards and monitoring. The first proposal was published on 17 December 2009 for public consultation.	Implementation of the new French regulation (order of 5 May 2009) applicable end June 2010 would have been a preparatory step before the planned implementation of international standard, which would take place via a future amendment of European Directive ("CRD IV").
9	(FSB 2009)	Enhancement of supervision of banks' operation in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	na	na

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10	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	During the crisis, the French Prudential Supervisory Authority has more closely supervised French operations of monoline insurers, which are reinsured by American companies and are now in run-off.	Solvency II, the new European risk-based regulatory framework will enter into force end 2012. As it takes into account the actual risks, the regulatory framework and the financial requirements will be strengthened for monoline insurers (no diversification benefit), and they would most likely be requested to develop an internal model, rather than fit in the “standard formula” framework.
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II. Strengthening accounting standards					
11	(WAP)	Consistent application of high-quality accounting standards		Ongoing	<p>The Banque de France chairs the accounting task force of the BCBS and as such participates as an observer to IASB monitoring board and works in close contact with the IASB to amend accounting standards in line with the BCBS guidelines. http://www.bis.org/press/p090827.htm</p> <p>As a member of the Board of the French National Standard Setter, the Prudential Supervisory Authority closely takes part in the national monitoring of high-quality accounting standards. On an international standpoint, it participates actively in the EBA/Expert Group on Financial Information –EGFI- and in the BCBS/Accounting Task Force working groups aiming at analyzing and commenting IASB's proposals to enhance accounting standards. http://www.eba.europa.eu/getdoc/c0fa3f2c-0710-4c07-b5e5-eeaa554f1d1d/Accounting.aspx http://www.bis.org/bcbs/commentletters/commentletters.htm</p> <p>In particular, the Prudential Supervisory Authority and Banque de France have been appointed as members of the IASB Expert Advisory Panel on impairment and have therefore actively contributed to the efforts towards defining an operational forward looking provisioning model for credit losses. In addition, as a stakeholder in the convergence process between international and US accounting standards, the Banque de France and Prudential Supervisory Authority-through the Basel Committee and the EBA- also assessed and commented upon the FASB Exposure Draft on financial instruments. http://www.eba.europa.eu/documents/Publications/Other-Publications/Comment-letters-by-CEBS/Accounting/2010-09-30-(CEBS-response-FASB-ED-Financial-Instru.aspx http://www.bis.org/bcbs/commentletters/iasb28.pdf</p> <p>The AMF also plays an important role in the monitoring of high-quality accounting standards. In France it is a member of the Board of the French National Standard Setter. As regards IFRS, the AMF actively participates to the ESMA (European Securities and Markets Authority, previously CESR) and IOSCO working groups which roles are to analyze and comment the IASB's proposals. As far as enforcement is concerned, the AMF is contributing to the European Enforcers Coordination Sessions (EECS) within the Corporate Reporting Standing Committee of ESMA, previously CESR-Fin, the group mandated to follow regulatory developments in the EU in the field of accounting and auditing. During these sessions, enforcement issues are discussed. Based on the decisions discussed during these meetings, in 2009, CESR published 3 batches of decisions taken by European enforcers (more than 35 decisions). There have also been discussions with other enforcers belonging to IOSCO in order to discuss emerging issues in the application of IFRS. CESR-Fin and IOSCO (Standing Committee 1) have both been very active in commenting the many projects submitted to comments by the IASB. The AMF is serving as observer for IOSCO on the IFRS foundation AC, and observer for IOSCO on the IFRIC.</p>
			<p>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.</p>		
			<p>Continue close technical dialogues between prudential regulators (EBA, BCBS) and the IASB on ongoing projects and enhancement of international accounting standards, especially regarding the 2nd and 3rd phases of the IFRS 9 project review, focused on provisioning models and hedge accounting.</p>		

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12	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 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.	End-2009	<p>France's position is totally in line with BCBS guiding principles for replacing IAS 39 and in particular regarding the importance of valuation adjustments. http://www.bis.org/publ/bcbs161.htm</p> <p>The Prudential Supervisory Authority and Banque de France have contributed to the work undertaken by the BCBS Accounting Task Force (chaired by Banque de France) with the IASB to complement the fair value measurement guidance on valuation uncertainty.</p>	<p>Ensure that the final standard of the IASB on fair value measurement will incorporate an enhanced guidance on fair value measurement.</p> <p>AMF supports that a new exchange of views takes place through a new exposure draft on phase 2 of IFRS 9.</p>
13	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 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.	End-2009	<p>All French authorities are particularly careful on the fact that the IASB's proposals do not lead to an extension of the fair value measurement. These concerns are regularly conveyed by French FSB members to the chair. In their latest contributions to BCBS and CEBS comments to the FASB's proposals for financial instruments accounting standards the Prudential Supervisory Authority and Banque de France have reiterated their strong opposition to a full fair value model and called for a mixed attribute model allowing entities to portray consistently their business model.</p> <p>See above.</p>	<p>The Prudential Supervisory Authority , the AMF and Banque de France will continue their close monitoring of the IASB's projects on financial instruments, with the view to make operational the IASB's-proposed expected loss model and to simplify hedging rules. A special attention will also be given to the upcoming FASB's re-deliberations on financial instruments and the related convergence process.</p>

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14	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	<p>IOSCO issued recommendations on securitisation on 4 September 2009 resulting from the work undertaken by a task force that has been co-chaired by the AMF.</p> <p>IOSCO also published “Disclosure Principles for Public Offerings and Listings of Asset Backed Securities” in April 2010</p> <p>Ongoing and permanent disclosure requirements of an ABS offered to the public are defined by EU regulation and French national legislation and regulation.</p>	<p>See also reply 50.</p> <p>IOSCO’s recommendations on securitisation, published in September 2009 are the basis of additional work in order to facilitate the implementation at national level including work on the enhancement of disclosures in the securitization process.</p>
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III. Reforming compensation practices to support financial stability

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				<p>Asset management sector:</p> <p>An industry working group issued in Feb 2009 professional guidelines that should apply principally to professionals involved in proprietary trading, but also for those working in <i>third-party financial management</i> and whose performance, and hence whose compensation, is linked to market instruments, independently of the legal status of their company (bank, investment firm, asset manager). These professional guidelines were to be applied as early as 2009 to performance-related compensation to be paid in 2010.</p> <p>In November 2009 and December 2010, regulatory measures (see reply on banking sector) were adopted in respect of compensation practices in the banking sector. These regulatory measures do not concern asset management companies. However, management companies that are affiliates of a financial group have to implement remuneration policies and procedures that are consistent with the regulatory requirements that are applicable to the group under Prudential Supervisory Authority supervision (depending on the nature of the financial group to which the management company is consolidated).</p>	<p>French asset management professionals are working on elaborating professional standards on compensation that apply to all management companies if homologated by the AMF; http://www.amf-france.com/documents/general/9711_1.pdf</p> <p>Indeed, a mix of legislative and regulatory rules will apply to management companies that manage undertakings for collective investment in transferable securities (UCITS and other investment funds) as from 1st July 2011 and to management companies that manage alternative funds at a later stage (pending adoption and implementation of the draft European Directive on alternative investment fund managers (AIFM)).</p>
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16	(Pitts)	Supervisory review of firms' compensation policies etc.	Supervisors should have the responsibility to review firms' compensation policies and structures with institutional and systemic risk in mind and, if necessary to offset additional risks, apply corrective measures, such as higher capital requirements, to those firms that fail to implement sound compensation policies and practices. Supervisors should have the ability to modify compensation structures in the case of firms that fail or require extraordinary public intervention.	Ongoing	<p>See §15 above.</p> <p>Banking sector: In addition, a “qualified person” has been appointed by a Ministerial Order (10 September 2009) to control, in the light of the international and national standards, the remunerations of Financial Markets Professionals in banks which benefitted from exceptional government financing in own funds. The supervisor is in charge of analyzing the pay scales of Financial Markets Professionals as well as the 100 highest individual remunerations for each group concerned. He has also the power to (i) view information relating to this issue and (ii) make recommendations to the bank’s senior managers and issue alerts. He may also refer the recommendations to the attention of the Prudential Supervisory Authority (which could launch supervisory controls), the board of Directors of the bank and, if need be, to the general meeting of the bank’s shareholders.</p> <p>The French supervisory authority is now in charge of the continuation of the action of this “qualified person” (art 65 of the French legislation of banking and financial regulation : http://www.minefe.gouv.fr/actus/10/101025loi-de-regulation-financiere.html)</p> <p>Asset management sector: the AMF is entitled by Law to impose such corrective measures.</p> <p>Furthermore, French law requires AMF to publish each year a report on corporate governance and internal control procedure implemented by French listed companies. Since 2009, this report includes an extensive chapter concerning firms' compensation policies (regarding financial and non financial institutions) and the AMF's recommendations in this respect. The latest report was published in July 2010.</p>	<p>See §15 above.</p> <p>In addition, in line with the new amendments of the Capital Requirements Directive, the supervisory assessment by the Prudential Supervisory Authority of compensation practices will be a criterion of assessing capital adequacy in the Pillar 2 of the Basel 2 framework.</p> <p>All UCITS management companies will be subject to principles and standards regarding compensations by virtue of the entry into force of the UCITS IV directive and its implementing measures on 1st July 2011. These rules should be specified further upon the next modification of the UCITS directive (the future directive). Moreover, all AIF (alternative investment fund) managers will be subject to similar rules at a later stage once the AIFM draft directive and its implementing measures are enforced.</p> <p>http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0032:0096:EN:PDF</p>
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IV. Improving OTC derivatives markets						
17	(Lon)	Development of action plan on the standardization of CDS markets (eg CCP)	We will promote the standardization and resilience of credit derivatives markets, in particular through the establishment of central clearing counterparties subject to effective regulation and supervision. We call on the industry to develop an action plan on standardisation by autumn 2009.	Autumn 2009	<p>The French Central bank and bank supervisor contribute to the OTC Supervisors Group chaired by the New York Fed in support of standardization, central clearing and reporting in trade repositories to reduce counterparty risk and increase transparency in the global OTC credit, interest rate and equity derivatives markets. The two French banks concerned are currently fully compliant with these requirements.</p> <p>The French authorities (Banque de France, Autorités des marchés financiers and the Prudential Supervisory Authority) also participate in the Forum of regulators of OTC derivatives which addresses the issues of reporting and information sharing.</p> <p>At the European level French authorities are also actively supporting the European Commission initiative to strengthen market infrastructures, in particular to increase the flow of eligible transactions for central clearing</p>	The AMF and Banque de France in their respective roles are role contributing to the CPSS-IOSCO work stream on principles related to the CCP for derivatives. .

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18	(Pitts)	Trading of all standardized OTC derivatives on exchanges etc.	All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements.	By end-2012 at the latest	<p>The French supervisor is supporting the effort by the OTC Derivatives Supervisors Group (ODSG) to improve the post-trade processing environment and, among other things, to set and monitor targets to be met by the industry (the G15 dealers) to centrally clear interest rate derivatives, equity derivatives and credit default swaps by December 2009. On March 1, 2010 market participants reiterated their commitments related to transparency, central clearing, standardization, collateral management and operational efficiency. A separate set of commitments was delivered for FX derivatives in September 2010.</p> <p>LCH Clearnet SA, the French CCP, launched a clearing service for CDS.</p> <p>The future framework will largely depend on the European legislation that has been published on 15 September 2010.</p> <p>IOSCO is currently working on a Report, following a mandate given by the FSB and aiming at establishing recommendations to implement the G20 objectives. In this context, the French regulator has worked actively to promote trading of all standardised and sufficiently liquid OTC derivatives on organised multilateral trading platforms.</p>	<p>Further submission levels and clearing targets will be set by the ODSG with the industry by Q1 2011 with a focus on priorities and implementation of new rules.</p> <p>The G15 scope is being reviewed by supervisors, including the French ACP, and consideration is given to its broadening..</p> <p>A repository for Equity derivatives has been established by MarkitSERV in London while other non cleared derivatives will be reported to either US DTCC (CDS) or Swedish Tri-Optima (rates).</p> <p>The ORDF has described high level expectations with respect to information format and access for the various TR and is currently working on a new phase where information quality and quantity would be improved.</p> <p>Prudential incentives for centrally clearing contracts with qualifying CCP have been released for public consultation in December 2010 by the BCBS where the French supervisor is directly involved.</p>
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V. Addressing cross-border resolutions and systemically important financial institutions

19	(Pitts)	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.	Ongoing	See also reply on hedge funds	
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20	(Pitts)	Development of resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future	We should develop resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future. Our prudential standards for systemically important institutions should be commensurate with the costs of their failure. The FSB should propose by the end of October 2010 possible measures including more intensive supervision and specific additional capital, liquidity, and other prudential requirements.	October 2010	Crisis management issues ranked very high on the agenda of the colleges of supervisors gathered for the major French banks in 2009 and 2010. Based on the core colleges, a session was organized around identifying key issues for cross-border cooperation with regard to crisis management. The concerned banks were requested to share with supervisors their contingency funding plans, their de-risking plans as well as their resolvability capacity developments.	<p>The Banque de France and Prudential Supervisory Authority are actively participating to international fora at the level of the FSB and BCBS (Macro-Prudential supervision Group -MPG), aiming at developing approaches to develop the measurement of systemic importance, and policy options to tackle the issue.</p> <p>The French Authorities will contribute to the public consultation launched by the European Commission in January 2011 on technical details of a possible EU framework for bank recovery and resolution, including the development of contingency and resolution plans by SIFIs . They have participated actively to the regulatory process which will lead to the release by the Commission of a proposal for a Directive in Spring 2011.</p>
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VI. Strengthening adherence to international supervisory and regulatory standards						
21	(Lon)	Adherence to international prudential regulatory and supervisory standards	<p>We call on all jurisdictions to adhere to the international standards in prudential, tax and AML/CFT areas.</p> <p>We are committed to strengthened adherence to international prudential regulatory and supervisory standards.</p>	Ongoing	<p>Since Law n° 2009-715, banks are compelled to publish, as an annex to their annual accounts, information regarding their activities in jurisdictions that do not have concluded with France an agreement to tackle tax concerns. The decree promulgated hereunder on October 7th precises enforcements of this law.</p> <p>Targeted interviews with the relevant banking groups have been made.</p> <p>The reform of the French regulations needed to implement the AML/CFT 3rd Directive (2005/60/EC) is now completed and, in relation to the securities sector, the amendments to the AMF General Regulation required are in force since November 19, 2009. (Decree of November 12, 2009, published in Official Journal of November 18, 2009.</p>	<p>Thematic on-site visit are in course in some of these jurisdictions.</p> <p>Guidelines further precising the changes made to the AMF General Regulation and providing guidance on the implementation of the obligation to file Suspicious Activity Reports have been issued. The Guidelines issued before the reform as regards financial advisors are currently being updated and should be made public in the coming months.</p> <p>The first guideline clarifies some of the provisions of the AMF General Regulation. The second, drafted with the financial intelligence unit, Tracfin, explains the procedures for passing on information and reporting suspicious transactions. Guidelines are published on http://www.amf-france.org (Texts/ investment services providers/ services providers/ 18/03 :2010 and the second one is also on http://www.tracfin.minefi.gouv.fr/</p> <p>More guidelines intended to facilitate the implementation of the French AML/CFT laws and regulations are currently being considered and drafted.</p> <p>These documents will be regularly updated or amended where needed.</p>

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22	(Lon)	Periodic peer reviews	FSB members commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP reports.	Ongoing	French FSB members are committed to undergo periodic peer reviews and have participated in the first thematic reviews on compensation practices and on risk disclosures by market participants.	<p>French authorities participate in the FSB standing committee working on standards implementation.</p> <p>The Director general of the French Treasury is chairing the Experts group of the Standing committee on standards implementation in charge of developing criteria for identifying jurisdictions of concerns, procedures for an evaluation process and a toolbox of measures to promote adherence and cooperation among jurisdictions</p>
23	(WAP)	Undertaking of FSAP	All G20 members commit to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessment of countries' national regulatory systems.	Ongoing	A FSAP including the detailed assessments of observance of standards and codes was performed on France by the IMF and completed in April 2005 (report published on April 2005).	
24	(FSF 2008)	Additional steps to check the implementation of int'l guidance	V.11 National supervisors will, as part of their regular supervision, take additional steps to check the implementation of guidance issued by international committees.	Ongoing	<p>The Prudential Supervisory Authority is implementing in due time all the international prudential standards established. Notably it will organize meetings with institutions to prepare the changes of international standards.</p> <p>The AMF is participating in the work of the ESMA Review Panel, which is the group mandated to monitor the consistent and timely implementation of Community legislation in the EU Member States.</p>	

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VII. Other issues						
Developing macroprudential frameworks and tools, realigning and ensuring an adequate balance between macroprudential and microprudential supervision						
25	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk.	Ongoing	<p>Specific surveys or stress tests have been run on those types of exposures in banks balance sheets such as hedge funds. French authorities have jointly drafted their first collective assessment of systemic risk for the French Financial Sector. A public version of this assessment is being prepared for publication and will be followed by further exercises with a view to prepare works the ESRB, the ACP (merged banks and insurance supervisors) and the National Council of Systemic Risk and financial regulation, which will be chaired by the Finance Minister.</p> <p>A Law voted in October 2010 mandates the AMF to consider financial stability objectives when accomplishing its missions. As part of its New Strategy Proposal, the AMF established an internal Risk Committee to facilitate internal coordination and cross-referencing of internal and external data and intelligence in order to help identifying and preventing risks at an earlier stage. The Risk Committee contributes to the Risks and Trends Mapping report published annually by the AMF (http://www.amf-france.org/documents/general/9526_1.pdf). The AMF also participates in the elaboration of ESMA's Risks, Trends and Vulnerabilities Reports, published for the first time in July 2010 (http://www.cesr.eu/index.php?docid=7015).</p> <p>At the international level, IOSCO has recently amended its Principles for Regulation to mark the significant renewal and sharpening of focus of the securities regulators on systemic risk (http://www.iosco.org/news/pdf/IOSCONEWS188.pdf) and is about to release a report on systemic risk. The AMF is fully committed to this new principle of regulation. It will be a Member of the new IOSCO Standing Committee on Systemic Risk.</p>	The AMF and Banque de France will contribute to the work of the National Council on Systemic Risk and Financial Regulation and of the ESRB, as well as other work on risks and vulnerabilities conducted at international level (FSB, IOSCO).

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26	(Lon)	Powers for gathering relevant information by national regulators	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.	Ongoing	<p>The Prudential Supervisory Authority has developed a traditional ongoing process, through existing and new reportings, regular review processes and exchanges with on site and off site supervision.</p> <p>In addition, French authorities took part to all ad hoc surveys launched at the IMF or ECB level.</p> <p>The AMF is currently reviewing the flow of information between hedge fund managers and the AMF in order to ensure that the information on systemic aspects is relevant and in line with IOSCO recommendations (based on the work undertaken by the Task Force on Unregulated Entities).</p>	As regards alternative funds, including hedge funds, the AIFM Directive, once adopted, will impose such information gathering in view of collecting information on systemic aspects from alternative funds' managers and will impose upon national competent authorities the obligation to gather this information with ESMA and ESRB at EU level. Ways to exchange such information at the international level should be further studied and organized (e.g. through the FSB).
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27	(Lon)	Review of the boundaries of the regulatory framework	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.	Ongoing	<p>The recent creation of the French Prudential Supervisory Authority, resulting from the merger between the banking and insurance authorities aims notably to strengthen financial stability by giving France a supervisory authority capable of monitoring risks across the financial sector reform and eliminates "blind spots" in the monitoring.</p> <p>The French government has approved the budget needed for the implementation of the AMF Strategy Proposals outlining its plans to extend the boundaries of its regulatory reach to include all markets ,products (over-the-counter markets, derivatives, etc.) and actors (credit rating agencies), in tandem with other national, European and international regulators. The purpose is to monitor significant financial trends and market participants' strategies (investment services providers, asset managers), and prevent and detect market abuse, and develop new IT tools for these purposes. The Law voted in October 2010 gave specific new powers to the AMF with regard to carbon market.</p> <p>The National Council of Systemic Risk and Financial Regulation has been set up to facilitate the co-operation between supervisory authorities and to monitor transfers of risks and potential accumulation of risks outside the regulated sector.</p> <p>IOSCO has amended its Principles for Regulation to highlight the need for securities regulators to review the perimeter of regulation regularly. (http://www.iosco.org/news/pdf/IOSCONEWS188.pdf).</p>	
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28	(FSF 2009)	Use of macro-prudential tools	<p>3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macroprudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macroprudential (system-wide) level. On leverage ratios for banks, work by the BCBS to supplement the risk based capital requirement with a simple, non-risk based leverage measure is welcome. Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.</p>	End-2009 and ongoing	<p>Working groups have been implemented with banks and banking associations to monitor their margin policies. In addition, a lot of quantitative indicators have been developed already for internal purposes (submitted to Governor of the BoF and the Board of the Prudential Supervisory Authority) or published (Annual report of the Prudential Supervisory Authority). Several types of stress tests have also been developed (bottom up with banks; in house: at macro (scenario) and micro (what if type) levels, using different types of data sources etc.). The Prudential Supervisory Authority also played an active role in the European stress test runs in July on 4 major groups. Banque de France also participated in the CGFS working group on margins and haircut and to the drafting of the CGFS report.</p>	<p>Forthcoming reporting on banks margins.</p> <p>Regular European stress test exercise under the CEBS aegis.</p>
29	(WAP)	Monitoring of asset price changes	<p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.</p>	Ongoing	<p>This dimension is included in the stress testing exercises regularly conducted by the Prudential Supervisory Authority with the financial institutions. It is also a dedicated part of the French financial sector risk assessment (see above)</p>	

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30	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 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.	Ongoing	<p>The Article IV review conduct by the IMF in the first semester of 2009 concluded to the consistent supervisory coverage of all lending institutions by the Prudential Supervisory Authority.</p> <p>The AMF has set up in early 2010 an in-house risk committee to identify early-stage risks more easily. It has recruited staff with significant industry expertise in order to increase its ability to monitor market developments.</p> <p>Furthermore, the AMF has also established a new Retail Investors Relations Division in charge of monitoring marketing campaigns and new products being offered to investors. Specific attention is being devoted to complex products. The AMF is also taking actions to ensure fund managers have sufficient resources and valuation tools to correctly understand and control the risks associated with investment strategies.</p>	
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31	(FSF 2008)	Supervisory communication with firms' boards and senior management	V.2 Supervisors and regulators should formally communicate to firms' boards and senior management at an early stage their concerns about risk exposures and the quality of risk management and the need for firms to take responsive action. Those supervisors who do not already do so should adopt this practice.	Ongoing	<p>The Prudential Supervisory Authority has always formally communicated to firms' boards and senior management at an early stage its concerns about risk exposures and the quality of risk management and the need for firms to take responsive action. In particular, letters listing required action points are sent after on-site examinations; letters are also regularly sent in case of information requests or specific regulatory requirements; annual letters communicate the supervisor's risk assessment to firms' boards and senior management.</p> <p>Moreover, before any new registration/authorisation of a new fund, or whenever deemed appropriate (e.g. after inspection or during a market turmoil), the AMF will communicate/exchange on the risk management subject (notably, as regards compliance with applicable regulation) with funds' boards and senior management (see also response 33)</p>	<p>The Best practices code under progress and the strengthened Regulation 97-02 has notably declined in the French legal framework, the recommendations of the Senior Supervisors Group (SSG) and the Institute of International Finance (IIF) on risk management.</p> <p>-The Prudential Supervisory Authority is member of the SSG which issued on 21 October 2009 a report that evaluates how weaknesses in risk management and internal controls contributed to industry distress during the financial crisis. The risk appetite and information underlying strategic choices in this matter is currently being subject to a specific focus in this context. http://www.ny.frb.org/newsevents/news/banking/2009/SSG_report.pdf</p> <p>This principle is embedded in the "Principles for enhancing corporate governance" issued by the BCBS in October 2010. The European Banking Authority is currently drafting a new set of principles on internal governance that subscribe to the international standards. The EBA's guidebook will be applied by both financial institutions and supervisors.</p>
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32	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 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.	Ongoing	The Prudential Supervisory Authority Secretary General is a Directorate of Banque de France. Consequently cooperation and exchange of information between the Central Bank and the banking supervisor do not raise any issue in France. The exchange of information during periods of market strain was particularly smooth	The recent creation of the French Prudential Authority, resulting from the merger between the banking and insurance authorities will not change the situation since the new Authority will remain a Directorate of Banque de France. The National Council of Systemic Risk and Financial Regulation will encourage greater cooperation between all supervisory authorities.
Hedge funds						
33	(Lon)	Registration of hedge funds	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.	End-2009	In France, all asset management companies are required by law to be registered with and have their programme of activity approved by the AMF. They all are subject to ongoing supervision and oversight by the AMF. Individual fund managers are required to be "fit and proper" (honesty, fairness and expertise). They all must adopt and implement risk management procedures and processes that are adapted to the fund type that the manager envisages managing. All collective investment schemes but two types - (very specific investment funds reserved to professional/sophisticated investors and SICAF (closed-end funds)) - must be approved by the AMF at inception and when a substantial change is made to fund rules. The two types of funds that are not subject to AMF approval are subject to investment restrictions and leverage limits and therefore report to the AMF on an ongoing basis regarding respect of these restrictions and limits. The two fund types that are not subject to AMF approval are required to disclose the level and source of leverage they use on request by the AMF.	The AMF welcomes the principle of a Directive on alternative investment fund managers in particular in order to impose reporting obligations on systemic aspects related to alternative funds.

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34	(Lon)	Effective oversight of cross-border funds	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.	End-2009	<p>In the case of a French asset management company managing a non EU fund, the AMF may request and obtain all information regarding the fund from the asset manager.</p> <p>By law, in the conduct of its oversight and investigation activities, the AMF is entitled to request, give and exchange information to/with its counterparts in other countries provided certain conditions are fulfilled.</p>	Developments are expected in relation to the negotiations and adoption of the AIFM Directive.
35	(Lon)	Effective management of counterparty risk associated with hedge funds	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.	Ongoing	<p>The Prudential Supervisory Authority makes a semi annual review of French banks' exposures to leverage counterparties based on data provided by banks.</p> <p>Regarding a specific sort of institutions which have hedge funds as their counterparties, namely funds of hedge funds (FoHF), in France FoHFs' managers are required, as a full part of the programme of activity that they all must submit to AMF's approval, to establish and maintain risk management procedures and processes, including mechanisms to monitor the underlying HF leverage (due diligence), and are required to set limits for single counterparty exposures (risk diversification).</p>	Developments are expected in relation to the negotiations and adoption of the AIFM Directive.
36	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	<p>The Prudential Supervisory Authority has conducted on-site reviews at the banks with the largest hedge funds exposures in 2009.</p> <p>The Prudential Supervisory Authority makes a semi annual review of French banks' exposures to leverage counterparties based on data provided by banks.</p> <p>Maturity mismatches are reported by all credit institutions on an individual basis in FR.</p>	<p>Additional supervisory actions to be conducted depending on market conditions and banks' strategies</p> <p>Developments are expected in relation of the recently adopted AIFM Directive</p>

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Credit rating agencies					
37	(Lon)	Registration of CRAs etc.	<p>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.</p>	<p align="center">End-2009</p>	<p>In France, the AMF is the competent authority for the registration and the oversight of the CRA until the ESMA framework is put in place. AMF is currently participating in the college of competent authorities of ESMA (previously CESR).</p> <p>The European Parliament and the Council of the European Union adopted a regulation introducing a legal framework for credit rating agencies on September 16, 2009. The EU Regulation entered into force on 7 December 2009. From that date, legal obligations contained in the Regulation apply and CRA which intend to provide their rating services are obliged to submit their application for registration with CESR and national competent authorities, i.e. not earlier than 7 June 2010 and by 7 September 2010. The text requires that CESR draft extensive guidance on numerous topics including the registration process, organisation of supervision among competent authorities, supervisory practices and the establishment of a repository for data on the performance of the ratings</p> <p>On June 2nd 2010, the European Commission presented a proposal amending the Regulation on CRAs. This proposal does not introduce any changes to the initial Regulation concerning substantive conditions for CRAs registration. It rather seeks revisions in order to introduce centralised oversight of CRAs operating in the EU (registration and on-going supervision or under certification or endorsement of third country regimes) in view of the creation of ESMA.</p> <p>On 4 June 2010, CESR issued guidance on the registration process, the operational functioning of colleges, the application of the endorsement regime and the common standards on the presentation of the information. In addition, on 30 August 2010, CESR issued guidance on enforcement practices, common standards for assessment of compliance of credit rating methodologies and information to be provided for certification.</p>

According to the proposals made by the European Commission, confirmed by the agreement reached by the Ecofin Council on 2 December 2009, the ESMA is expected to be given direct exclusive supervisory powers over CRAs by January 2011.

On 2 June the EU Commission published a proposal for amending the regulation on CRAs for consultation until 1 September 2010 in order to adjust the regulation to the new European supervisory architecture with the transfer of the supervision of CRAs to ESMA.

The EU Regulation is now being discussed and modified to establish coordination and cooperation arrangements in view of the creation of ESMA and of the transfer of supervisory powers for credit rating agencies.

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38	(Lon)	CRA practices and procedures etc.	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.	End-2009	<p>Those provisions are addressed in the new European regulation on CRA, credit rating agencies should (...) clearly differentiate between rating categories used for rating structured finance instruments on the one hand, and rating categories used for other financial instruments or financial obligations on the other, by adding an appropriate symbol to the rating category".</p> <p>Notably when a CRA issues credit ratings for structured finance instruments, those ratings must be clearly differentiated by using an additional symbol which distinguishes them from other ratings. Concerning the oversight framework, the colleges will guarantee the consistency across jurisdictions</p>	<p>See above (§ 37)</p> <p>The AMF has been designated as the competent authority for the purpose of the EU Regulation on CRAs. Specific provisions are currently being finalised in the French law in this respect.</p>
39	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRAs	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010.	As early as possible in 2010	AMF is actively participating at the Standing Committee 6 of IOSCO dealing with CRAs.	The IOSCO group is mandated to review and progress towards international regulatory consensus regarding CRA oversight; and serve as a forum for regular interaction between regulators and CRAs

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40	(FSF 2008)	Review of roles of ratings in regulations and supervisory rules	IV. 8 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.	Ongoing	<p>The recommendations published in July 2009 to enhance the Basel II framework provide for stronger operational requirements for the use of ratings in the securitization framework. - At the EU level, the same operational requirements for the use of ratings have been integrated in the modification of the CRD under discussion. Inappropriate due diligence will conduct to a raise in the capital requirement associated with the securitisation exposures, from 250% to 1250%.</p> <p>The Basel III framework includes measures to mitigate the reliance on external ratings of the Basel II framework, notably requirements for banks to perform their own internal assessments of externally rated securitization exposures and the elimination of certain “cliff effects” associated with credit risk mitigation practices.</p>	<p>The Treasury, the AMF, directly, and the Banque de France, through the ECB answer, contributed to the European Commission consultation on CRA in order to gather views on possible initiatives at EU level to strengthen the regulatory framework on credit ratings.</p> <p>Following the FSB October 2010 publication of the principles for reducing reliance on CRA ratings, the French authorities will participate in the FSB coordinated follow-up process to these principles to report to the April and October G20 meetings.</p>
Supervisory colleges						
41	(Lon)	Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009	<p>The Prudential Supervisory Authority has established colleges for the 3 most significant cross-border banks in France since 2005. In addition, one college has been set up for a major insurance company.</p> <p>The AMF is participating in the college of regulators for Euronext and committees of regulators for Euroclear and LCH.Clearnet.</p>	<p>New colleges have been established by the end of 2010 pursuant to the provisions of the EU Directive 2009/111 (Capital Requirement Directive 2).</p>

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42	(FSF 2008)	Supervisory exchange of information and coordination	V.7 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.	Ongoing	<p>The Prudential Supervisory Authority is fully involved in national and international initiatives aimed at enhancing supervisory coordination. At the national level: creation of the Conseil de Régulation Financière et du Risque Systémique, and of a single supervisor for banks and insurers. At the international level: colleges of supervisors, participation in EBA and BCBS work, member of the Senior Supervisors Group etc.)</p> <p>The AMF participated in the IOSCO group that has published recommendations for international cooperation in supervisory matters.</p>	European supervisors' joint risk assessment to start in 2011 (CRD2)
Crisis management						
43	(Lon)	Implementation of FSF principles for cross-border crisis management	To implement the FSF principles for cross-border crisis management immediately. Home authorities of each major financial institution should ensure that the group of authorities with a common interest in that financial institution meets at least annually.	Immediate	The Prudential Supervisory Authority and Banque de France put on the agenda of French banks' core supervisory colleges meetings that took place in Autumn 2009 and 2010 the issue of cross border bank resolution. Supervisors exchanged in-depth on the various legal frameworks and they agreed to investigate further all potential impediments to a coordinated solution.	Information sharing among supervisors will be continued, and the item will be discussed annually at the core supervisory colleges.

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44	(Pitts)	Development of contingency and resolution plans by SIFIs and the establishment of crisis management groups etc.	Systemically important financial firms should develop internationally-consistent firm-specific contingency and resolution plans. Our authorities should establish crisis management groups for the major cross-border firms and a legal framework for crisis intervention as well as improve information sharing in times of stress.	End-2010		The French Authorities will contribute to the public consultation launched by the European Commission at end 2010 on an EU framework for cross-border crisis management in the banking sector, including the development of contingency and resolution plans by SIFIs (<i>see also above § 20</i>). Discussions have already begun and will continue throughout 2011 with banking institutions concerned by the resolution plans
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46	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed.	Ongoing	The EU Directive on Deposit Guarantee Schemes adopted in March 2009 – raising the guarantee level to € 100 000 and reducing the time limit for paying out depositors– was transposed in national law by the Regulation of 29 September 2010 and has been effective since 31 December 2010	The Bank of France and Prudential Supervisory Authority still actively participate, with the Ministry of finance, to the work on the recast of the European DGS directive.
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Risk management						
47	(WAP)	Development of enhanced guidance for banks' risk management practices	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.	Ongoing	<p>The Advisory Committee on Financial Legislation and Regulation discussed and agreed on Oct 20th further strengthening of the Regulation n°97-02 relating to internal control that will include:</p> <ul style="list-style-type: none"> • an improvement of the monitoring of risks on a group-wide basis through the implementation of cartography of risks; • the establishment of a risk management function, sufficiently independent and granted with adequate resources and • an improvement in the follow-up of risks generated by new products. <p>These enhancements reflect international best practices, as highlighted by the reports issued earlier by the Senior Supervisors Group and the Institute of International Finance.</p> <p>The European directive 2006/43/EC requires listed companies to have an audit committee which shall in particular monitor the effectiveness of the company's internal control and risk management systems.</p> <p>In addition, French law requires the board of directors of listed companies to publish, on an annual basis, a report on the internal control and risk management procedures implemented by the company.</p> <p>The AMF has launched at the beginning of October 2009 a working group, chaired by an AMF board member and including a wide representation of professionals and associations. This group aimed at updating the existing practical reference framework for the risk management systems for listed companies and at clarifying, <u>inter alia</u>, the audit committee's diligences with respect to the monitoring of the effectiveness of the company's internal control and risk management systems. The AMF working group's report on audit committee was published in July 2010. It clarifies, in particular, the characteristics and scope of the committee by defining what is meant by "monitoring" and offers a practical method of implementation. It also updates the AMF reference framework for risk management and internal control systems, first published in January 2007. The AMF working group published its report in July 2010. The French banking industry, in coordination with the Prudential Supervisory Authority, has adopted a Best practice code with respect to corporate governance and risk management issues. The provisions of the code have been aligned with international best practices.</p>	<p>In the wake of the latest amendments to the regulatory framework dealing with risk management, the outline of the reports on internal control which must be communicated to the Prudential Supervisory Authority has been updated.</p> <p>The best practices on risk management are a core issue of the new set of principles on internal governance that the European Banking Authority is currently drafting. The EBA's guidebook should be issued in spring 2011.</p> <p>Considering that the French legal framework already provides thorough requirements on risk management it is foreseen that the French regulation 97-02 could be easily amended in order to implement the EBA's guidebook in a very short time</p> <p>The conclusions of this report are being presented to the French market participants.</p>

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48	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	Both the methodology and the outcome of the European stress test were fully disclosed in 2010. http://www.banque-france.fr/fr/instit/telechar/discours/cecb-stress-test-vue-et-resultats.pdf	
49	(Pitts)	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.	Ongoing	The Prudential Supervisory Authority monitors closely credit institutions' efforts to deal with impaired assets and raise additional capital where needed.	Monitoring and discussions with credit institutions will continue until portfolios of impaired assets are unwound.
50	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish clear rules for banks' management and disclosure; implement IOSCO's proposals to strengthen practices in securitisation markets. 	During 2010	<p>The French transposition of the revised EU Capital Requirement Directive (CRD 3), which includes the measures decided by the Basel Committee on securitisation, market risks and disclosures is in progress.</p> <p>Based on the proposals issued by IOSCO in September 2009, IOSCO is expected to fine tune its recommendations and thus assist national implementation.. IOSCO also published "Disclosure Principles for Public Offerings and Listings of Asset Backed Securities" in April 2010.</p> <p>Ongoing and permanent disclosure requirements of an ABS offered to the public are defined by EU regulation and French national legislation and regulation.</p>	

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51	(Lon)	Improvement in the risk management of securitisation	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.	End 2010	The French transposition of the revised European Capital Requirements Directive (CRD2), which has introduced in the European framework a quantitative retention requirement (5%) for securitisations sponsors and originators, has been completed, and came into force by 31/12/10.	The French transposition of the quantitative retention requirement for securitisations sponsors and originators is available following the <i>link</i> .
52	(Pitts)	Retention of a part of the risk of the underlying assets by securitisation sponsors or originators	Securitisation sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.	End 2010	See above § 51	

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53	(WAP)	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.	Ongoing	<p>The Prudential Supervisory Authority which is currently chairing the EBA Working Group on Transparency has taken an active part in the regular assessment of financial institutions' disclosures (annual reports, intermediary reportings, and Pillar 3). In its June 2010 report, CEBS noticed general improvement in the quality of the disclosures, with some of the best disclosure practices outlined in its June 2009 reports taken into account, but also pointed out some room for improvement notably with regard to sensitive accounting issues. Alongside the publication of its report, CEBS has held a public event on the assessment of 2009 year-end and Pillar 3 disclosures, attended by accountants, analysts, and financial institutions' representatives .</p> <p>http://www.eba.europa.eu/Publications/Other-Publications/Others/2010.aspx</p> <p>As regards the Pillar 3 disclosures, given the lack of consistency across institutions, the French chair of the EBA transparency subgroup organized several meetings aiming at (i) getting insight of institutions' practical difficulties, (ii) better understanding users' expectations, (iii) fostering convergence of Pillar 3 disclosures.</p> <p>Although French banks financial disclosures are globally satisfactory, the Prudential Supervisory Authority conducted bilateral meetings with major French banks to discuss their disclosures and to convey CEBS's messages on possible improvements of the financial information.</p> <p>The Prudential Supervisory Authority has contributed to the FSB's stocktaking exercise regarding the implementation by French banks of the FSB's recommendations on transparency.</p> <p>In 2009, CESR published a study on the application of IFRS 7 (on disclosures related to financial instruments) by a sample of 96 European institutions. The AMF is currently working with the other members of ESMA (previously CESR) in order to publish an update on this issue. The plan is to publish this update, which shows the improvements in the quality of the disclosures published on financial instruments, at the end of October 2010. Among the different types of financial institutions, asset and/or investment fund managers that are regulated by the AMF, are already subject to enhanced risk disclosure requirements on an ongoing basis.</p>	<p>For the year 2011, EBA intends to continue monitoring banks' disclosures, especially pillar 3 disclosures..</p> <p>For its part, the Prudential Supervisory Authority will continue to monitor French banks' financial disclosures and to conduct bilateral meetings, when necessary.</p> <p>As regards FSB's disclosure recommendation on crisis-related activities, the Prudential Supervisory Authority will continue to monitor the adequacy of French banks' disclosures as long as they remain significantly exposed.</p> <p>UCITS asset managers will have to comply as from 1st July 2011 with enhanced and detailed risk disclosure rules via the implementation of the UCITS IV Directive and notably provisions regarding the key investor document. Once adopted, the AIFM Directive will also impose stricter risk disclosure rules upon alternative funds' managers. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0032:0096:EN:PDF</p>
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54	(FSF 2008)	Strengthening of supervisory requirements or best practices for investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	<p>Regarding a specific sort of institutional investor, namely asset and/or investment fund managers, the AMF requires that they perform due diligence when investing in structured products, prior to the investment and on an ongoing basis (during the investment). As full part of the programme of activity that every management company (whatever type of management functions they perform) must submit to AMF's approval, asset and/or investment fund managers are required to establish and maintain due diligence procedures that must be in particular:</p> <ul style="list-style-type: none"> - documented and traceable; - expressly and clearly described in the programme of activity as approved by the AMF; - based on a qualitative and quantitative analysis of the financial instruments characteristics and the associated risks; - implemented using suitable human and technical resources. <p>As part of its New Strategy Proposals, the AMF is reviewing this requirement to ensure that it is consistent with the Good Practices published by IOSCO in July 2009 in relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (working group chaired by the AMF).</p> <p>http://www.iosco.org/library/pubdocs/pdf/IOSCOPD300.pdf</p>	
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Others						
55	(Pitts)	Development of cooperative and coordinated exit strategies	We need to develop a transparent and credible process for withdrawing our extraordinary fiscal, monetary and financial sector support, to be implemented when recovery becomes fully secured. We task our Finance Ministers, working with input from the IMF and FSB, to continue developing cooperative and coordinated exit strategies recognizing that the scale, timing and sequencing of this process will vary across countries or regions and across the type of policy measures.	Ongoing	From banks' perspective, different situations may necessary call for different timing in exit of support measures.	

Origin of recommendations:

- Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
- Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
- Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)
- WAP: 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)