

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

Jurisdiction
China

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

G20/FSB Recommendations

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

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)

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

I2: Hedge funds - Establishment of international information sharing framework

G20/FSB Recommendations

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)

Remarks

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

In addition, jurisdictions should state whether they are:

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

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Draft in preparation
Progress to date: please provide a date for your "implementation ongoing" status
(The CSRC)The regulation is intended to be issued in 2021.
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
(CSRC) The consultation paper of Regulation on Supervision and Administration of Private Funds was published to solicit public opinions in August 2017. The CSRC will proactively promote the issuance of the regulation. The Regulation sets out high-level rules for supervising overseas private fund managers and maintaining effective regulatory cooperation with their home jurisdictions. The CSRC is a signatory to the IOSCO MMoU and signed bilateral MoUs for supervisory cooperation which are aligned with the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. The CSRC is a signatory to the IOSCO MMoU and signed bilateral MoUs for supervisory cooperation which are aligned with the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
(CSRC) The CSRC will proactively promote the issuance of the Regulation on Supervision and Administration of Private Funds.
Relevant web-links: please provide web-links to relevant documents

I3: Hedge funds - Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

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

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

II4: Securitisation - Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

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

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

II5: Securitisation -Strengthening supervisory, best practices for investment in structured products

G20/FSB Recommendations

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

Remarks

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

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

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

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>(The CBIRC) The former CBRC issued the China Banking Regulatory Commission Order No.3 [2005] to strengthen the management of credit asset-backed securities investment institutions and require them to formulate corresponding investment management policies and procedures. The former CIRC issued one regulation in 2012 to permit insurers investing in some high quality structured products with prudence. The former CIRC issued one regulation in 2016 to strengthen regulation of insurance asset investment in structured products.</p> <p>(The CSRC) In July 2016, the CSRC promulgated the Tentative Rules on the Private Asset Management Business Operated by Securities and Futures Firms (abbreviated as New Eight Bottom Lines), which established the basic principle of "shared interests, shared risks" for structured products, required that the senior shares (tranches) and subordinated shares of asset management products shall simultaneously recognize profits or losses, and strictly restricts the structure of seniority. The implementation of the New Eight Bottom Lines, to some extent, restrains issuers' misconducts of purchasing the subordinated shares of self-issued structured products to leverage senior-level funds. In October 2018, the CSRC promulgated the Measures for the Administration of Operation of Privately Offered Asset Management Business of Securities and Futures Firms and the Provisions on the Administration of Privately Offered Asset Management Plans of Securities and Futures Firms (abbreviated as Detailed Rules of Asset Management), which emphasized active management and due diligence requirements, strictly restrict channel businesses, establish the double 25% requirements for portfolio investment (the fund of a collective asset management plan invested in one asset shall not exceed 25% of the net value of the scheme, the fund of all collective asset management plans managed by one securities and futures firm invested in one asset shall not exceed 25% of the asset), limits the leverage ratio of asset management products. The leverage ratio (total assets/net assets) of structured asset management products shall not exceed 140%, while that of non-structured asset management products shall not exceed 200%. According to the two Notices on the securitization of PPP projects, the CSRC will enhance its cooperation with the MoF, the PBoC and the NDRC, sufficiently utilize capital markets, actively promote eligible PPP projects to realize market-based financing through securitization, encourage PPP projects which are consistent with national development strategies to conduct securitization preferentially. Shanghai Stock Exchange (the SSE), Shenzhen Stock Exchange (the SZSE) and the Asset Management Association of China (the AMAC) established fast tracks to accept, review and record applications, appoint special personnel for this work, and improved the efficiency of the review, listing and documentation of securitization products related with PPP projects prudently selected by the MoF and the NDRC. The Notice on the Securitization of Housing Lease clarifies the basic conditions to conduct securitization of housing lease, including: the property is completely constructed and has clear ownership, the quality and safety standards of the construction meet relevant requirements, the procedures of the registration and documentation of the housing lease are completely pursuant to relevant regulations; the property is managed normally and provides continuous and stable cash flow; the original shareholding company has sound governance and does not have significant violations against laws or regulations in the recent two years. The Notice also clarifies preferentially and intensively supported fields. The securitization of housing lease projects in big and medium-sized cities, regions intensively supported by national policies such as Xiong'an New Area and cities tentatively utilizing collective construction land to construct rental houses. In addition, the Notice improves the procedures of the securitization of housing lease, proposes to enhance the supervision and administration on the securitization of housing lease and create a benign policy environment.</p>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
In October 2020, the CSRC has solicited public opinions on the revised Measures for Administration of the Privately Offered Asset Management Business of Securities and Futures Firms and Provisions on the Administration of Operation of Privately Offered Asset Management Plans of Securities and Futures Firms (abbreviated as Detailed Rules of Asset Management). The revision intends to further enhance the limit on the leverage ratio (total assets/net assets) of the privately offered asset management plans. A reasonable upper limit on the debt ratio is required to ensure that the leverage matches the investor's risk appetite and to maintain sufficient cash or other highly liquid financial assets to repay debts. Currently, the CSRC staff are reviewing the feedback and the revised Detailed Rules of Asset Management are planned to be released and implemented by the end of 2021.
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
http://www.csrc.gov.cn/pub/zjhpublic/G00306201/201607/t20160715_300835.htm http://www.csrc.gov.cn/pub/zjhpublic/zjh/201810/t20181022_345589.htm http://www.csrc.gov.cn/pub/zjhpublic/zjh/201810/t20181022_345590.htm http://www.csrc.gov.cn/pub/newsite/gszqjgb/gzdtgszj/201702/t20170227_312739.html http://www.csrc.gov.cn/pub/newsite/gszqjgb/gzdtgszj/201706/t20170627_319194.html http://www.csrc.gov.cn/pub/newsite/zjhxwfb/xwdd/201804/t20180425_337309.html http://www.cbrc.gov.cn/govView_FDE9B2BBC6D7482FA363C0754251572B.html http://www.circ.gov.cn/web/site0/tab5225/info224571.htm http://www.circ.gov.cn/web/site0/tab5225/info4033537.htm

II6: Securitisation - Enhanced disclosure of securitised products

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

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

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

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

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

(The CBIRC) In November 2005, the former CBRC issued the China Banking Regulatory Commission Order No.3 [2005]. In February 2008, the former CBRC issued the General Office of CBRC Notice No.23 [2008]. In November 2014, the former CBRC issued the Regulation on Securitization of Securities Companies and Subsidiaries of Fund Management Companies. (The CSRC) On 19 October 2017, the SSE, the SZSE and the Inter-Institutional Private Equity Products Quotation and Service System (quotation system) promulgated Guidelines for Information Disclosure and Guidelines for Confirmation of Listing Conditions of the Asset-Backed Securities of Public-Private Partnership (PPP) Projects respectively. On 15 December 2017, the SSE, the SZSE and the quotation system promulgated Guidelines for Information Disclosure and Guidelines for Confirmation of Listing Conditions of the Asset-Backed Securities of Enterprises' Account Receivables respectively. On 9 February 2018, the SSE, the SZSE and the quotation system promulgated Guidelines for Information Disclosure and Guidelines for Confirmation of Listing Conditions of the Asset-Backed Securities of Financing Lease Debts respectively. On 8 June 2018, the SSE, the SZSE and the quotation system promulgated Guidelines for Information Disclosure and Guidelines for Confirmation of Listing Conditions of the Asset-Backed Securities of Infrastructures respectively.

Progress to date: issue is being addressed through

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

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

(The PBoC-Financial Market Department) In 2005, the PBoC and the former CBRC jointly issued Announcement of the PBoC and the CBRC No. 7 [2005], which clarified the basic regulatory framework for the legal relationship, transaction structure, participation in the entity, information disclosure, issuance and settlement of credit asset-backed securities. In 2005 and 2007, the PBoC promulgated PBoC Announcement No.14 [2005] and PBoC Announcement No.16 [2007] to provide requirement for information disclosure of credit asset-backed securities as well as their underlying assets. In 2015, the PBoC promulgated PBoC Announcement No. 7 [2015] to simplify the procedures for issuance, encourage shelf-registration, and standardize information disclosure of credit asset-backed securities. In accordance with the requirements of PBoC Announcement No. 7 [2015], National Association of Financial Market Institutional Investors(the NAFMII) has released information disclosure guidelines for credit asset-backed securities of six underlying asset types, which include residential mortgage loans, retail auto loans, shantytown renovation loans, consumer loans, non-performing loans, micro-enterprise loans, and has issued Guidelines on Evaluation of Information Disclosure of Credit Asset-backed Securities, establishing a continuous information disclosure tracking and evaluation mechanism.

(The CSRC) The Listing Guidelines for the Securitization of PPP Projects regulates the types of fundamental assets of PPP projects which are suitable for securitization (the rights to yields, assets and companies' equities of PPP Projects), and provides comprehensive regulations about the eligibility of all types of fundamental assets. Meanwhile, the Guidelines also lists the types of securitization projects encouraged. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure, the requirements for information disclosure of PPP projects with different types of fundamental assets in the listing phase, as well as the requirements for information disclosure during the existence of the projects. The Listing Guidelines for the Securitization of Enterprises' Account Receivables emphasizes the definition and scope of application of enterprises' account receivables; provides specific requirements for the conditions of eligible fundamental assets, the diversification of fundamental asset pools and the content of disclosure; clarifies the settlement mechanism for ineligible fundamental assets and the requirements for roll-over purchase, regulates the prediction, stress tests, collection and distribution of cash flows;and clarifies the requirements for risk retention and conditions for exemption of original shareholders and their affiliated parties, and lists the types of projects encouraged by policies. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure; clarifies the standards and disclosure requirements for product specifications, legal opinions, rating reports and other relevant documents; and provides specific arrangements for the content and timing of regular reports and preliminary reports with the consideration of the characteristics of fundamental assets. The Listing Guidelines for the Securitization of Financing Lease Debts emphasizes the definition and scope of application of financing lease debts; provides specific requirements for the conditions of eligible fundamental assets, the transfer of fundamental assets, the diversification of fundamental asset pools and the methods to conduct due diligence investigations; clarifies the requirements for special inspections and the settlement mechanism for ineligible fundamental assets; regulates the prediction, stress tests, collection and distribution of cash flows; and clarifies the requirements for risk retention and conditions for exemption of original shareholders and their affiliated parties, and lists the types of projects encouraged by policies. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure; clarifies the standards and disclosure requirements for product specifications, legal opinions, rating reports and other relevant documents; and provides specific arrangements for the content and timing of regular reports and preliminary reports with the consideration of the characteristics of fundamental assets. The Listing Guidelines for the Securitization of Infrastructures emphasizes the definition and scope of application of infrastructure ABS; provides specific requirements for the conditions of eligible fundamental assets, the transfer of fundamental assets, affiliated transactions, the diversification of sources of cash flows and due diligence investigations; clarifies the requirements for inspections on bankruptcy remote, historical data of fundamental asset operations and prediction of cash flows; regulates the prediction, stress tests, collection and distribution of cash flows; and lists the types of projects encouraged by policies. In particular, to strengthen the control over moral hazards of original shareholders of infrastructure securitization and their affiliated parties, the Listing Guidelines clearly requires that the lowest tranches retained by original shareholders and their affiliated parties shall not be less than 5% of all tranches, and there is no condition for exemption. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure; clarifies the standards and disclosure requirements for product specifications, legal opinions, rating reports and other relevant documents; and provides specific arrangements for the content and timing of regular reports and preliminary reports with the consideration of the characteristics of fundamental assets.

(The CBIRC) The former CBRC issued the China Banking Regulatory Commission Order No.3 [2005] to regulate information disclosure, safeguard the legal rights of investors, and ensure a smooth progress of the pilot credit asset-backed securities. The former CBRC issued the General Office of CBRC Notice No.23 [2008] to enhance the information disclosure. Other actions: During the process of registration with the former CBRC, originators are required to enhance the disclosure of underlying assets, especially in the highly concentrated industries and important area.

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

Update and next steps: highlight main developments since 2019 survey

In November 2019, the SSE and the SZSE issued the Guidelines for Information Disclosure of Asset-backed Securities Interim Reports which stipulate specifically the disclosure of major events, revolving underlying assets purchases, holders' meetings, and other matters over the life of asset-backed securities, and provide 25 types of interim report format templates. The Guidelines aim to further enhance the preparation and disclosure of interim asset-backed securities reports and protect the legitimate rights and interests of investors.

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

Relevant web-links: please provide web-links to relevant documents
<p>(The CBIRC)</p> <p>http://www.cbirc.gov.cn/chinese/home/docDOC_ReadView/20080226A5FAF86C98498</p> <p>http://www.cbirc.gov.cn/cn/view/pages/governmentDetail.html?docId=272686&itemId=861&generaltype=1</p> <p>http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=2916&itemId=928&generaltype=08EAF85A4A4AF3C1F00.html</p> <p>(The CSRC)</p> <p>http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/20080226A5FAF86C984988EAF85A4A4AF3C1F00.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201801/t20180111_332370.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201801/t20180111_332368.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201801/t20180111_332372.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201801/t20180111_332371.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201802/t20180223_334394.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201802/t20180223_334395.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201806/t20180615_339948.html</p> <p>http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201806/t20180615_339949.html</p>

III7: Enhancing supervision - Consistent, consolidated supervision and regulation of SIFs

G20/FSB Recommendations

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

Remarks

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

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

See, for reference, the following documents:

BCBS

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

IAIS

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

FSB

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule or legislation approved
Progress to date: please provide a date for your "implementation ongoing" status
January, 2013 (CBRC) January, 2014 (CBRC) December, 2014 (CBRC)
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>(The PBoC) On 27 November 2018, the PBoC, the CBIRC and the CSRC jointly published the Guidance on Enhancing the Regulation on Systemically Important Financial Institutions. The Guidance establishes a high-level policy framework on the designation, regulation and resolution of D-SIFIs in China, and clarifies the institutional arrangements of the supervision on D-SIFIs. 2. On 3 December 2020, the PBoC and the CBIRC jointly published the Rule to Assess Domestic Systemically Important Banks(D-SIBs). The rule establishes a methodology on the designation of D-SIBs in China. 3. On Oct. 15 2021, the PBoC and the CBIRC jointly released a list of 19 domestic-systemically important banks(D-SIBS) in China for 2021 and jointly issued "Additional Regulatory Standards for Domestic Systemically Important Banks (Trial)"("Regulatory Standards"). D-SIBS includes six state-owned commercial banks, nine joint-stock banks and four city commercial banks. The "Regulatory Standards" clarifies the requirements of additional capital and leverage ratios, recovery and resolution plans, prudential supervision and etc., for Systemically important banks in China.</p> <p>(The CBIRC) 1. The former CBRC has initiated the comprehensive revision of the Commercial Banking Law. It plans to strengthen the corporate governance, consolidated supervision, and to restructure the resolution regime for the commercial banks. 2. The Capital Rules for Commercial Banks (provisional) became effective January 1, 2013. Five large banks are subject to 1% of RWA of surcharge. GSIBs should conform to GSIB surcharge as updated annually by FSB. 3. The Guidelines on Consolidated Banking Supervision has been modified in 2014. 4. The Guidelines on Information Disclosure of G-SIFIs' Assessment Indicator was issued in 2014. 5. The former CBRC has revised and published the Regulation on On-site Inspection on Dec, 10, 2015. The regulation indicates allocating the supervisory resources based on the institution's risk status and its influence on the financial market. 6. The former CBRC has revised and published the Regulation on Off-site Inspection on Feb, 6, 2016. The regulation emphasizes to implement the off-site supervision on the level of the entity and the group, and to specify the regulatory frequency based on the risk status and systematic importance of the entity and the group. 7. The CBIRC establishes a special task force to follow the IAIS' instruction on implementing consolidated supervision and regulation of G-SII (China Ping An). 8.The PBC together with the CBIRC and the CSRC released the Guidelines for Supervision of Systematically Important Financial Institutions in Dec 2018, which prescribes the identification, regulation and resolution framework of the D-SIFIs. 9. The PBC and the CBIRC jointly released the Assessment Methodology of D-SIBs on Dec. 6th 2020. The Additional Supervisory Requirements for D-SIBs was published in consultation since April 2020, and the final version will be officially released by the PBC together in due course. The list of SIBs will also be released together with it. The supervisory document for RRP was released in June 2021. Other actions: (The CBIRC) 1. Cross-border cooperation: The CBIRC holds Supervisory College for Chinese G-SIBs every year, but ceased in 2020 due to COVID-19 pandemic. Instead, the CBIRC continued to enhance the communication with host regulatory authorities for exchanging supervisory updates by alternative means of tele/video conference or emails. The CMGs for the BOC, the ICBC, the ABC and the CCB have been established. The Cross-border Cooperation Agreements (COAGs) for the BOC, the ICBC, the CCB and the ABC have been signed. 2. Consolidated supervision: The CBIRC pays great attention to the consolidated supervision of G-SIBs in China. 3. Higher standards: Higher Regulatory Standards for Large Commercial Banks(HRS) has been issued and implemented in 2016. The CBIRC monitors the result of indicators set in HRS on a quarterly basis.</p>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
(The CBIRC) 1. The CBIRC will continue to enhance the intensity and efficiency of the supervisory regime, and strengthen the cross border supervision cooperation. 2. The CBIRC will continue to accomplish the overall supervisory legal framework and to expedite the legislation of resolution regime for SIFIs.
Relevant web-links: please provide web-links to relevant documents
http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/79B4B184117B47A59CB9C47D0C199341.html http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/27E97E0235134CBDBD5AD4F5AD0A4D42.html http://www.cbrc.gov.cn/govView_77141551F9C54B21A02BA36D4EF30FEF.html http://www.pbc.gov.cn/huobizhengceersi/214481/3868581/3868587/4222909/index.html http://www.pbc.gov.cn/huobizhengceersi/214481/3868581/3868587/4138131/index.html http://www.pbc.gov.cn/huobizhengceersi/214481/3868581/3868587/4360747/index.html http://www.pbc.gov.cn/huobizhengceersi/214481/3868581/3868587/4360688/index.html

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

G20/FSB Recommendations

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

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

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.
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III9: Enhancing supervision - Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

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

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

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

Progress to date:
Implementation ongoing

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

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

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

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
 (The CBIRC) The Banking Supervision Law provides that the CBIRC establish supervisory information sharing mechanisms with the PBoC and other domestic regulatory authorities. Hence, the CBIRC may establish supervisory cooperation mechanisms with supervisory authorities in other jurisdictions for cross-border supervision purposes. The CBIRC maintains regular contacts with domestic and overseas supervisors to share information regarding supervised banking and insurance institutions and the CBIRC requires that such shared information should be used for supervisory purposes and should be treated as confidential.
 Other actions: 1. By the end of December 2020, the CBIRC had signed MoUs on bilateral supervisory cooperation or other supervisory cooperation agreements with overseas supervisory authorities from 84 jurisdictions. 2. The CBIRC set up a cross-departmental work group to hold discussions with supervisory authorities of respective countries and implement results of high-level dialogues. In addition, the CBIRC actively participated in high-level bilateral and multilateral meetings. 3. The CBIRC strengthened coordination with the host regulatory authorities for overseas Chinese banks. 4. The CBIRC participates in a number of global or regional supervisory colleges as host supervisor authorities annually, in addition to the more frequent conference calls and exchanges of letters among college members on an on-going basis. Besides, the CBIRC sets up bilateral working-level reciprocal visit mechanisms with some home supervisory authorities and holds supervisory meetings regularly to exchange respective concerns.

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

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
 (The CBIRC) 1. The CBIRC will continuously improve the cross-border supervisory cooperation framework, including supervisory colleges. 2. The CBIRC will enhance the information-sharing framework that depends on multilateral cooperation and satisfies confidentiality requirements. 3. The CBIRC will boost the effectiveness of supervisory cooperation in such areas as coordinated risk assessments and recovery and draft of resolution plans.

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

III10: Enhancing supervision - Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)

Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
1. The CBIRC continues to enhance the effectiveness and efficiency of supervision on banking and insurance industry. The Commercial Banking Law is under comprehensive review, and plan to strengthen the corporate governance, consolidated supervision, and to restructure the resolution regime for the commercial banks. The CBIRC is working on the designation criteria of D-SIFIs, and continue to enhance the supervision and resolvability of G-SIFIs. 2. The CBIRC strengthened coordination with the host regulatory authorities for overseas Chinese banks. The CBIRC has signed MOUs on bilateral supervisory cooperation or other agreements with its foreign counterparts from 70 jurisdictions. 3. The CBIRC holds quarterly meetings with the board and senior management of major banks, sharing analyses of changing economic and financial conditions as well as views on inherent financial risks. 4. The CBIRC has established training program including onsite training and multimedia training courses to promote colleagues' capabilities and skills. 5. The CBIRC reviews regulatory reporting data requirements annually based on full discussion with relevant financial entities, and provides training courses and Q&A platform. 6. The CBIRC issued the Notice on Effective Data Aggregation and Data Reporting for Big Commercial Banks in 2015, enhancing the data governance and aggregation for G-SIBs.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
(The CBIRC) 1. The CBIRC will continue to enhance the intensity and efficiency of supervision regime, and strengthen the cross-border supervision cooperation. 2. The CBIRC will continue to accomplish the overall supervisory legal framework and to expedite the legislation of resolution regime for SIFIs. 3. The CBIRC will participate in drafting the Supervisory Guidelines for the D-SIBs. 4. The CBIRC will enhance the information sharing framework that depends on multilateral cooperation and satisfies confidentiality requirements. 5. The CBIRC will boost the effectiveness of supervisory cooperation in such areas as coordinated risk assessments and recovery and resolution plans.
Relevant web-links: please provide web-links to relevant documents

IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

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

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

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

<p>Progress to date: short description of the content of the legislation/regulation/guideline/other actions</p> <p>(The PBoC-Monetary Policy Department) The PBoC has officially upgraded the dynamic reserve adjustment mechanism to a macro-prudential assessment (MPA) system since 2016 and included off-balance-sheet wealth management businesses in the broad credit indicators of the MPA since 2017. Since 2019, the PBoC has further improved the MPA, highlighting the total credit volume, credit structure and risk prevention, etc. guiding the steady growth of credit and preventing systemic financial risks.</p> <p>(The PBoC-Financial Stability Bureau) 1. The institutional arrangement of financial regulation is being reformed. In order to guarantee the sound operation of the financial system, the Financial Stability and Development Council (FSDC), composed of certain financial management authorities, was established in 2017. The administrative office of the FSDC is established in the PBoC. In addition, the CBRC and the CIRC were consolidated to establish a new regulatory authority, the CBIRC, to carry out the micro-prudential regulation to the banking and insurance sector. The duty of development of important laws, regulations and essential prudential regulatory framework for the banking and insurance sectors was handed over to the PBoC from the previous CBRC and CIRC. 2. In order to contain the shadow banking risks, the PBoC, together with other authorities, released the Guidelines on Standardizing Asset Management Business of Financial Institutions in April 2018, which develops unified regulatory standards for varieties of asset management products, enforce fair market access and regulation, and minimize the room for regulatory arbitrage.</p> <p>(The PBoC-Financial Stability Bureau) 1. Monitoring and assessment of systemic risks. The PBoC has been publishing China Financial Stability Report annually, monitoring the risks across sectors, markets and the border, analyzing emerging risks and vulnerabilities in the financial system, and carrying out the on-site assessment of financial institutions and financial stability stress tests. 2. Enhancing the resolution regime of G-SIFIs. The BOC, the ICBC, the ABC, the CCB and Ping An Insurance (Group) Company have been designated as G-SIFIs. All of them have established CMGs, developed or renewed their RRP annually in accordance with the requirement of the FSB.</p> <p>(The PBoC - Macprudential Policy Bureau) 1. In 2019, the PBoC set up macroprudential policy bureau to lead the establishment of the macroprudential policy framework, including risk monitoring and assessment, tools design and implementation, institutional arrangements, ministry coordination mechanism, and etc. 2. The enactment of the Macro-prudential Policy Guidelines is in progress, and will be released at an appropriate time.</p> <p>(The CBIRC) 1. Since 2006, the former CBRC held quarterly meetings with the board and senior management of major banks, sharing analyses of changing economic and financial conditions as well as views on inherent financial risks. 2. The former CBRC addresses macro-prudential issues with a variety of corrective and sanctioning powers including but not limited to warning, recommendations, prudential tools, powers of direction etc. the relevant department uses an appropriate range of techniques and tools to implement the supervisory approach and deploys adequate supervisory resources on a proportionate basis, taking into account the risk profile and systemic importance of banks.</p>
<p>Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>
<p>Update and next steps: highlight main developments since 2019 survey</p>
<p>Update and next steps: planned actions (if any) and expected commencement date</p> <p>(The PBoC-Monetary Policy Department) The PBoC will continue to improve the MPA framework, and highlight the key points and optimize the assessment indicators in accordance with the development and changes of the economic and financial situation to better guide the steady growth of credit and prevent systemic financial risks.</p> <p>(The PBoC-Financial Stability Bureau) The PBoC will further strengthen the assessment and monitoring framework of systemic risks, enhance the regulatory coordination among relevant authorities, and keep on improving the resolution regime of SIFIs.</p>
<p>Relevant web-links: please provide web-links to relevant documents</p> <p>http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3215090/index.html http://www.pbc.gov.cn/zhengcehuobisi/125207/125227/125957/index.html</p>

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

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

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

Remarks

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

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

See, for reference, the following documents:

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force

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

(The PBoC -Monetary Policy Department) 1. The PBoC introduced the dynamic adjustment mechanism on differentiated reserve ratio in 2011, with a core content that appropriate credit growth of financial institutions depends on the reasonable needs of economic growth and its own capital levels. In the five years since its implementation, the mechanism has played an important role in strengthening macro-prudential management, promoting steady credit growth, and maintaining the stability of the financial system. 2. In order to further improve the macro-prudential policy framework to make it more flexible, more comprehensive and more effective in counter-cyclical regulation and systemic risks prevention, the PBoC has established the Macroprudential Assessment (MPA) for financial institutions, effective from 2016. While focusing on macro-prudential capital-adequacy concerns, the PBoC has expanded from one indicator to more indicators in seven fields, covering capital and leverage ratio, assets and liabilities, liquidity, pricing activities, asset quality, foreign liability risks, and implementation of credit policies to guide the behavior of financial institutions. Since the first quarter assessment in 2017, the PBoC has officially included off-balance-sheet wealth management businesses in the broad credit indicators of the MPA and to guide banks to enhance risk management of off-balance-sheet businesses. Since 2018, inter-bank certificates of deposit were included in the calculation of the inter-bank liability ratio for MPA. The PBoC added certain specific indices on financing to small and micro businesses and private enterprises and indices on debt-to-equity swaps in the MPA. 3. In view of the situation in domestic market and lessons from international experience, the PBoC has included foreign exchange liquidity and cross-border capital flows in the macro-prudent management in 2015. (1) Starting on May 3, 2016, the PBoC expanded the pilot program of macro-prudential management on cross-border financing in both local and foreign currencies to all financial institutions and firms in China, to conduct counter-cyclical adjustments in cross-border financing, increase effective foreign-exchange supply, and control the leverage ratio and currency mismatch risks. On January 11, 2017, the PBoC further improved the policy framework of macro-prudential management on cross-border financing in all currencies. (2) The PBoC decided to implement reserve requirement ratio on financial institutions that engage in forward foreign exchange sale business on behalf of clients as of October 15, 2015, and the ratio was determined as 20%, then lowered to 0% on September 11, 2017 and then adjusted to 20% on August 6, 2018. (3) For the purposes of preventing macro financial risks and promoting the stable and sound operation of financial institutions, the PBoC decided to apply the normal deposit reserve requirement ratio to RMB deposits of overseas RMB business participating banks in domestic agent banks as of January 25, 2016. In September, 2017, the PBoC decided to abolish the policy of penetration management. 4. Using LTV tool to strengthen macro-prudential management of housing financing. Based on macroeconomic condition and international balance of payment, the macro-prudential management of cross-border financing and foreign exchange market has been improved. On March 11, 2020, the macro-prudential adjustment parameter for cross-border financing was increased from 1 to 1.25. On 11 December 2020 and January 7 2021, that parameter was decreased from 1.25 to 1 for financial institutions and enterprises respectively. On October 10, 2020, the risk reserve ratio for forward foreign exchange sales was reduced from 20% to 0%. (The PBoC - Macroprudential Policy Bureau) 1. In September 2020, in order to enhance the banking sector ability to against the countercyclical systemic risk, the PBoC and the CBIRC established the countercyclical buffer. And based on the economic status and the pandemic control requirement, the ratio was initially set to 0. The PBoC and the CBIRC will consider factors such as the macroeconomic and financial situation, the level of leverage, and the robustness of the banking sector to adjust buffer requirements to prevent systemic financial risks. 2. In December 2020, the PBoC, jointly with the CBIRC, issued the Notice on Establishing a Management System for Real Estate Loan Concentration for Banking Institutions (Yinfa No.322[2020]), which set up a management system for real estate loan concentration and specified the ceiling proportions of real estate loans and personal housing loans in the total loans of banking institutions. The system will contribute to strengthening the resilience and soundness of the financial system, promoting steady and healthy development of the real estate market. (Financial Stability Bureau) The PBoC constructed the financial market stress index. First, the PBoC selects 17 indicators, calculated on the basis of transaction data of Chinas bond market, stock market, money market and foreign exchange market, to construct sub-market stress indexes by using the empirical cumulative distribution function method. Then, the PBoC further constructs the financial market stress index from the sub-market stress indexes by using the time-varying correlation among the sub-market stress indexes to depict the cross market contagion characteristics of systemic financial risks. By establishing Markov regime-switching model, the financial market stress level at any time can be identified and can effectively reflect stress events in the sample time period. The financial market stress index, with advantages of both robustness and high frequency, provides a tool for monitoring and evaluating systemic financial risks, choosing policy implementation window and evaluating policy effects. (The CBIRC) 1. The former CBRC modified Rules on Leverage Ratio for Commercial Banks in January 2015. The minimum standards for leverage ratio is 4% for all banks but with different transition period (large banks April-2015; others end-2016). 2. In June 2012, the former CBRC issued the Capital Rules for Commercial Banks (Provisional) to implement Basel II and III, in which the additional capital surcharges for SIBs are implemented. 3. The former CBRC modified the Guidelines on Consolidated Banking Supervision in 2014, enhancing the consolidated supervision to control the risk of banking groups. 4. Macroprudential policy with regard to the Forward-looking Provision was published July 2011. The former CBRC required banks to increase their provisioning coverage ratio to 150 percent by the end of 2009.

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

Progress to date: issue is being addressed through

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

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

(The PBoC-Monetary Policy Department) 1. On January 11, 2017, the PBoC issued the Notice on Matters concerning the Macro-Prudential Management on Full-Covered Cross-Border Financing in All Currencies (PBoC Document [2017]No.9), and further improved the policy framework. 2. On September 8, 2017, the PBoC issued the Notice on Adjusting the Policies for Foreign Exchange Risk Reserves (PBoC Document [2017]No.207), and decided that the foreign exchange risk reserve ratio should be zero as of September 11, 2017. 3. On September 8, 2017, the PBoC decided to abolish the policy of penetration management on the deposit reserves of RMB deposits of overseas financial institutions in domestic financial institutions. The PBoC issued the Notice on Adjusting the Policies for Foreign Exchange Risk Reserves (PBoC Document [2018] No.190) on August 3th, 2018, and adjusted the forward foreign exchange risk reserve ratio from 0% to 20% on August 6, 2018.

(The PBoC-Financial Stability Bureau) The PBoC continuously strengthens and improves systemic risk monitoring and assessment. Analysis of macroeconomic situations, regional financial risks and development trends of specific industries were enhanced, and studies on local government financing platforms, financial holding companies, crypto-assets, risks of wealth management activities and enterprises' investments in the financial sector were carried out. In 2020, the PBoC continued to publish the China Financial Stability Report, and conducted one financial stability stress test and four financial institution rating programs.

(The CBIRC) 1. The Guideline on Comprehensive Risk Management of Banking Institutions was published in September 2016. 2. Banking systemic risk warning system was upgraded in 2016. More indicators assessing systemic risk are included in the new system, such as the proportion of interbank assets/ liabilities in total assets/ liabilities, the growth of receivable investments. 3. The CBIRC will work jointly with the PBoC and other authorities on system-wide monitoring and macro-prudential instruments. Other actions: 1. The CBIRC keeps strengthening the systemic risks warning system framework. 2. The CBIRC has made great efforts to improve stress tests, implementing both bottom-up and top-down regular stress tests.

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

Update and next steps: highlight main developments since 2019 survey

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

(The PBoC-Monetary Policy Department) The PBoC will continue to improve the MPA framework, and highlight the key points and optimize the assessment indicators in accordance with the development and changes of the economic and financial situation to better guide the steady growth of credit and prevent systemic financial risks.

(The PBoC-Financial Stability Bureau) The PBoC will further strengthen the assessment and monitoring of systemic risks, continue to conduct financial stability stress tests, improve the regular risk monitoring and assessment system of banking, securities and insurance sectors, enhance the on-site assessment on the soundness of financial institutions, and refine the newly established rating mechanism.

(The CBIRC) 1. The PBoC and the CBIRC will cooperate to conduct supervisory top-down stress tests for major banking institutions within the framework of the FSAP. One important part is to assess the interactive effect and contagion risk between these banks. 2. China would enrich and supplement macro-prudential instruments and measures, set up counter-cyclical capital buffer and conservation buffer to China's banking sector, strengthen coordination between various instruments, establish risk resolution and liquidation arrangements for SIFIs. 3. With the finalization of the Basel III post-crisis reforms in December 2017, the CBIRC has been revising the Capital Rules for Commercial Banks (Provisional) since 2019, to reflect the Basel Committee's latest revisions to Pillar 1, 2 and 3 framework. 4. On Sep. 30, 2020, the PBoC and the CBIRC jointly issued the Notice on Establishing Countercyclical Capital Buffer Mechanism. The Notice took effect on the date of issuance. 5. On April 4th, 2021, the PBoC and the CBIRC jointly published the Additional Requirements for Systemically Important Banks (consultation draft) for public consultation.

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

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3215090/index.html>
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3055696/index.html>
<http://www.pbc.gov.cn/zhengcehuobisi/125207/125227/125957/index.html>
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4106894/index.html>
<http://www.pbc.gov.cn/en/3688253/3689009/3788480/4180233/index.html>

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

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

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

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

<p>Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.</p>
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V14: Improving credit rating agencies (CRAs) oversight - Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

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

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

Remarks

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

Jurisdictions may refer to the following documents:

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

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.07.2017

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
(CIRC) One regulation was issued in 2009 to require insurance companies to set internal rating system to reduce reliance on CRAs. Other actions: (Financial Market Department) 1. Hold joint ministry commission for corporate bond and reconfirm the consensus of reducing the reliance on credit ratings. 2. With no credit rating requirement for the pilot program of panda bond issuance. (The PBoC-Financial Market Department) 1. According to Article 12 in the Notice of Opening-Up on the Credit Rating Industry (Notice of the PBoC.2017.No.7), regulators should avoid the use of external credit rating in regulations and rules, agencies should properly use external credit rating results, strengthen internal credit rating system construction, and reduce the reliance to external credit rating. 2. Hold joint ministry commission for corporate bond and reconfirm the consensus of reducing the reliance on credit rating.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
(CBRC) The credit risk RWA framework will be updated following the finalization of BCBS' rules on credit risk SA is postponed.
Relevant web-links: please provide web-links to relevant documents
http://www.circ.gov.cn/web/site0/tab5225/info97646.htm http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3337553/index.htm

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

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

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

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

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

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

See, for reference, the following BCBS documents:

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

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2007
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

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

(The MOF) China's Accounting Standards for Business Enterprises (ASBE) system, established by the Ministry of Finance (the MOF) in 2006 has converged with the IFRSs. The ASBE system has been applied by all listed companies, certain non-listed financial institutions and significant state-owned enterprises from 1 January 2007. The scope of such application has covered almost all of the large and medium-size enterprises. In 2010, the MOF published Road Map for Continuing Convergence of the Chinas ASBEs and the IFRSs. In the Road Map, the MOF promised that the MOF would undertake continuous monitoring of any significant revisions and setting of the relevant accounting standards by the IASB and keep pace with the IFRSs. Since then, the MOF has issued 8 newly enacted or revised accounting standards in 2014, 7 revised accounting standards in 2017, 1 revised accounting standards in 2018, 2 revised accounting standards in 2019, 1 revised accounting standards in 2020, achieving full convergence with the IFRSs. (The CBIRC)The Notice for Implementing Accounting Standards related to new Financial Instruments, issued by the MOF and the CBIRC in 2020, consistent with Regulatory Treatment of Accounting Provisions - Interim Approach and Transitional Arrangements (March 2017).

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

Update and next steps: highlight main developments since 2019 survey

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

(The MOF) The MOF will take measures to promote the effective application of the revised accounting standards, and will also follow up the development of the IFRSs and carry out relevant outreach and research of other relevant ASBEs.

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

<http://kjs.mof.gov.cn/zhengwuxinxi> http://kjs.mof.gov.cn/zhengwuxinxi/gongzuotongzhi/201512/t20151223_1627721. (The CSRC)
http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201812/t20181213_3092629.html
http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201905/t20190516_3258929.html
http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201905/t20190529_3267525.html
<http://www.cbirc.gov.cn/cn/view/pages/governmentDetail.html?docId=268626&itemId=4167&generaltype=1>
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=955465&itemId=926>

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

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

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

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

Remarks

Jurisdictions should indicate the measures taken in the following areas:

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

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

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>(The PBoC) From 2011, the PBoC started to organize major commercial banks to conduct the financial stability stress test every year. The 2021 financial stability stress test, based on the end-2020 balance sheet data of 30 commercial banks with assets over RMB 800 billion, is now ongoing, and the results will be published in the China Financial stability Report 2021. In order to fulfill the responsibilities of macroprudential regulation and systemic risk mitigation, and evaluate the operational management and risk profiles of financial institutions in a scientific and reasonable manner, the PBoC started rating financial institutions in 2017. The rating results, which are also important inputs to the Macroprudential Assessment Program (MPA), are updated every quarter and used in determining differentiated premiums for deposit insurance, monetary policy instruments and countercyclical capital requirements. In 2020, the PBoC conducted the rating program quarterly.</p> <p>(The SAFE) The PBoC and the SAFE are responsible for macro-prudential administration of external debt. All banks and enterprises are allowed to borrow certain amount of external debt based on their Tier 1 capital or net assets. Meanwhile, the foreign-invested enterprises are allowed to choose to control their outstanding external debt within the difference between the total amount of investment for the project and the registered capital. The foreign exchange administration regarding the fulfillment of cross-border guarantee provided by domestic banks is under their own foreign exchange purchase and sale management. Approval of SAFE is required for the settlement of foreign currency cross-border borrowing by banks (YinFa[2017] No.9).</p> <p>(The CBIRC) The CBIRC issued a series of documents, including: 1. The Guidelines on Corporate Governance; 2. The Guidelines on Internal Controls; 3. The Capital Rules of Commercial Banks; 4. The Guidelines on Corporate Group Lending Risk Management; 5. Rules on Exposures to Shareholders and Other Related Parties; 6. The Guidelines on Due Diligence in the Credit Extension by Commercial Banks; 7. The Guidelines on Risk-Based Loan Classification; 8. Rules on Liquidity Risk Management of Commercial Banks; 9. The Guidelines on Country Risk Management of Commercial Banks; 10. The Guidelines on Market Risk Management; 11. The Guidelines on Interest Rate Risk Management in Banking Book; 12. The Guidelines on Operational Risk Management of Commercial Banks; 13. The Guidelines on Reputation Risk Management; 14. The Guidelines for the Stress Testing of Commercial Banks; 15. The Guidelines on Consolidated Management and Supervision of Commercial Banks; 16. Rules on LCR Disclosure of Commercial Banks; 17. The Guidelines on Internal Audit of Commercial Banks; 18. The Guidelines on Comprehensive Risk Management of financial institutions; 19. The Guidelines on collateral management of commercial bank; 20. Rules on Liquidity Management of Commercial Banks (revised); 21. The Guidelines on Commercial Bank's Interest Rate Risk in the Banking Book (revised); 22. The Regulation on Large Exposures for Commercial Banks; 23. Rules on Joint Credit Issuance of Banking Financial Institutions (provisional); 24. Rules on NSFR Disclosure of Commercial Banks. 25. Rules on Liability Quality Management of Commercial Banks. Other actions: According to various supervisory rules and guidelines, the CBIRC assesses and reviews banks' corporate governance, risk management, and internal controls through on-site examinations and off-site surveillance, and supervisory measures will be taken if deficiencies are identified.</p>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
(The CBIRC) 1. Continue to draft the Rule on Off-Balance-Sheet Business Risk Management of Commercial Banks. 2. Continue to revise the Rule on loan Classification of Commercial Banks.
Relevant web-links: please provide web-links to relevant documents
<p>1. http://www.cbrc.gov.cn/21hinese/home/docDOC_ReadView/ECAE0309171448FDB18421AD0B63912D.html</p> <p>2. http://www.cbrc.gov.cn/21hinese/newShouDoc/8189EEE949DB48F8993ACCCA638ED24B.html</p> <p>3. http://www.cbrc.gov.cn/21hinese/newShouDoc/E4071088458C4943A86D04B25AA9CAFA.html</p> <p>4. http://www.cbrc.gov.cn/21hinese/newShouDoc/338115BD0E6C43AAA979221670632DC5.html</p> <p>5. http://www.cbrc.gov.cn/21hinese/newShouDoc/69F1A0A6BC254C45A9BACFA91DB3AA0F.html</p> <p>6. http://www.cbirc.gov.cn/chinese/newShouDoc/7C44BC166AD8400AB1FBDA735AE0188B.html</p>

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

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

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

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on [Enhancing the Risk Disclosures of Banks](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

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

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
(CBIRC) 1. 1. The former CBRC issued Rules on Information Disclosure of Commercial Banks in 2007; 2. The former CBRC raised supervisory requirements on information disclosure of commercial banks' capital composition and leverage ratio. 3. The former CBRC issued the Guidelines on Information Disclosure of G-SIFIs' Assessment Indicator in 2014. 4. The former CBRC has published Rules on LCR Disclosure of Commercial Banks in 2015 5. Various disclosure requirements are set out in the Rules on Leverage ratio and the Capital Rules for commercial banks.
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
(The CBIRC) 1. The former CBRC issued Rules on Information Disclosure of Commercial Banks in 2007, setting out the general requirements on information disclosure for commercial banks. 2. The former CBRC raised supervisory requirements on information disclosure of commercial banks' capital composition and leverage ratio. 3. The former CBRC issued the Guidelines on Information Disclosure of G-SIFIs' Assessment Indicator in 2014. 4. The former CBRC has published Rules on LCR Disclosure of Commercial Banks in the end of 2015, to enhance the capacity of commercial banks' liquidity risk management. 5. In China Risk Oriented Solvency System, the former CIRC requires insurers to provide risk disclosure in their reporting and to the public including solvency status and operation situation. 6. The CBIRC has launched the Second Phase of C-ROSS construction, including improving the disclosure requirement to enhance transparency. 7. The CBIRC has published Rules on NSFR Disclosure of Commercial Banks in 2019, to enhance the capacity of commercial banks' liquidity risk management. Other actions: (The CBIRC) Financial institutions are encouraged to share information including but not limited to the content of the supervisory requirements.
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
(The CBIRC) The CBIRC will implement the pillar 3 stage 1 and stage 2 disclosure framework set out by BCBS in due course.
Relevant web-links: please provide web-links to relevant documents
1. http://www.cbrc.gov.cn/chinese/files/2013/39FECDE76C424AA1B8D81375D63FA4DF.pdf 2. http://www.cbrc.gov.cn/chinese/home/docView/5E453E74F3F0468CB05F535B82466704.html 3. http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/8E3CF3075E99400EB95B58AE186448CE.html

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

G20/FSB Recommendations

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

Remarks

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

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

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

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force

Progress to date: please provide a date for your "implementation ongoing" status
(PBC) May 2015
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
(The PBoC-Financial Stability Bureau) Since the enactment of the Deposit Insurance Regulations, the deposit insurance system has been established in China. Currently, the PBoC is responsible for the implementation of the deposit insurance system. In the starting period, all the eligible deposit-taking financial institutions have become insured and submitted the premiums twice a year to accumulate the deposit insurance fund. In 2018, the PBoC improved the framework of deciding the deposit insurance premiums.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Since 2020, the PBoC has taken multiple actions to enhance the publicity of deposit insurance to improve public awareness.
Update and next steps: planned actions (if any) and expected commencement date
(The PBoC-Financial Stability Bureau) The PBoC is planning to issue more guidelines on exercising the prompt corrective actions and utilizing the deposit insurance fund to deal with problem and failed insured financial institutions.
Relevant web-links: please provide web-links to relevant documents

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

G20/FSB Recommendations

We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)

Remarks

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

Jurisdictions should indicate the progress made in implementing the recommendations:

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

Progress to date:
Not applicable

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

Currently, possibilities of the prevalence of high frequency trading in China are still low. Some relatively active high frequency traders are mostly trading in the futures markets. The reasons are as follow: first, due to the T+1 settlement cycle in the A-share market, intraday trading is not allowed. Second, the frequency of the update of market quotes is one time in every three seconds, which largely limits the speed of trading. Third, investors need to pay stamp duties, exchanges' handling charges and securities supervision fees, so the profit margin of high frequency trading is relatively limited. In addition, article 45 of Securities Law of People's Republic of China has provided for frequency trading. According to article 45, program trading with orders automatically generated by or placed through computer programs shall comply with the requirements set forth by the securities regulatory authority under the State Council and be reported to the stock exchange. Such trading shall not affect the stock exchange's system security or trading order. Article 37 of the Securities Law of People's Republic of China provides that securities of a public offering shall be listed for trading on a legally established stock exchange or a national securities trading venue approved by the State Council. Securities of a non-public offering can be transferred on a stock exchange, or a regional equity market established in accordance with relevant regulations of the State Council. This excludes the possibility that stocks are traded in alternative trading venues which are similar with dark pools in the U.S. and Europe.

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

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

Progress to date: issue is being addressed through

Primary / Secondary legislation - No

Regulation / Guidelines - No

Other actions (such as supervisory actions) - No

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

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

Update and next steps: highlight main developments since 2019 survey

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

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

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

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

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

Remarks

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

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

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

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
(The CSRC) The State Council issued the Interim Regulations for the Administration of Futures Trading in 1999, the Regulations for the Administration of Futures Trading in 2007 and revised the Regulations for the Administration of Futures Trading in 2012, 2013, 2016 and 2017 for four times.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

<p>Progress to date: short description of the content of the legislation/regulation/guideline/other actions</p> <p>(The CSRC) The Regulations for the Administration of Futures Trading provides that: illegal activities including fraud, insider trading and manipulation are prohibited in futures trading; futures exchanges shall institutionalize risk management systems including margins depositing, daily mark to market settlement, price limits, position limits, large holder reporting and risk reserves. Futures exchanges shall release information including futures trading turnover, prices, open interests, highest and lowest prices, opening and closing and other applicable real-time quotes in a timely manner. Pursuant to the Regulations for the Administration of Futures Trading, the CSRC issued the Measures for the Administration of Futures Exchanges. The Measures emphasizes position limits, large holder reporting system and risk reserves system, and provides for punitive measures for members or clients who violate relevant regulations and rules. In the meantime, according to the Measures, futures exchanges shall release information including real-time quotes, ranking of turnover value and open interests, number of standardized warehouse receipts and remaining warehouse capacity in a proper manner; futures exchanges shall also prepare and release weekly, monthly and yearly reports of trading information in a timely manner.</p>
<p>Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>
<p>Update and next steps: highlight main developments since 2019 survey</p> <p>In February 2019, China Futures Association issued the Guidelines for the Pilot Business Programs of Risk Management Companies of Futures Companies, which stipulate the access requirements, prohibited behaviours, and information reporting for risk management companies to conduct OTC derivatives business. In August 2020, the CSRC authorizes the China Futures Market Monitoring Center (CFMMC) to collect, analyze and monitor OTC derivatives transaction data to promote the transparency of the OTC derivatives market. Subsequently, CFMMC issued the Measures for the Management of OTC Derivatives Trade Repository as the core business rules of its trade repository, as well as two specific business rules related to information reporting and disclosure. In April 2021, the Standing Committee of the National People’s Congress reviewed the Futures Law (Draft) and solicited public opinions. The Futures Law (Draft) regulates the trading of futures and other derivatives.</p>
<p>Update and next steps: planned actions (if any) and expected commencement date</p> <p>In order to further enhance the transparency of the OTC derivatives market and data standardization of trade repositories, the CFMMC has participated in the formulation of the Guidelines on Data Elements of Financial Market Trade Reporting since 2020, taking the lead in formulating a Unique Transaction Identifier (UTI) technical standard, and participating in drafting of Unique Product Identifier (UPI) and Critical Data Elements (CDE) technical standards. At present, the standards (consultation paper) have been published to solicit public opinions by China Financial Standardization Technical Committee (CFSTC), and the voting results and relevant suggestions for improvement have been reported back. From June to August 2021, the CFMMC will deal with suggestions from the public and then the draft will be reviewed. From September to October, the CFSTC will organize a vote on the draft, and form the draft for approval from November to December. The CFSTC intends to officially release the above three industry standards in March 2022, and apply them in China’s OTC derivatives trade reporting.</p>
<p>Relevant web-links: please provide web-links to relevant documents</p> <p>http://www.gov.cn/flfg/2012-11/05/content_2257826.htm http://www.gov.cn/flfg/2007-04/13/content_581639.htm</p>

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

G20/FSB Recommendations

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

<p>Collection of information on this recommendation will continue to be deferred given the ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.</p>
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X22: Enhancing financial consumer protection - Enhancing financial consumer protection

G20/FSB Recommendations

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

Remarks

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

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

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

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
(CBRC) 2018.10
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

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

(The PBoC) 1.The Implementation Measures of the PBoC for Financial Consumer Protection (Order No. 5 [2020] of the PBoC) was promulgated and had come into effect on November 1, 2020.The measures improve the legal effect level of the original normative documents, stipulate the codes of conduct of financial institutions,consumer financial information protection,consumer financial dispute resolution,supervision and administration mechanism,legal liability.The measures have reasonably increased the cost of violations of laws and regulations, which is conducive to protecting the long-term and fundamental interests of financial consumers. 2.On December 25,the PBoC, the CBIRC, the CSRC, and the SAFE publicly issued the Notice on Further Regulating Financial Marketing and Publicity Activities. The core of the document is three lists. The positive list specifies that only market operators with financial business qualifications can publish financial advertisements.The negative list defines the relevant prohibitive provisions of financial advertising.The regulatory list defines the division of responsibilities of financial management departments. The introduction of the document clarifies the unified principles of the supervision of financial marketing publicity behavior, and provides an institutional basis for further formulating the rules of marketing publicity behavior in various financial sub sectors. 3.In November 2019, the PBoC, the Supreme Peoples Court and the CBIRC jointly held a meeting in Beijing to promote the establishment of multi-pronged mechanism for financial dispute resolution, and issued the Opinions on Comprehensively Promoting the Establishment of Multi-pronged Mechanism for Financial Dispute Resolution. The PBoC organized the development and launch of the online mediation platform of China financial consumption dispute mediation network. In August 2020, the China financial consumption dispute mediation network and the Supreme Peoples Court's mediation platform completed the head-to-head system docking, thus realizing the whole process of litigation and mediation docking mechanism online. 4.In order to strengthen the monitoring and analysis of complaints accepted and handled by financial institutions, the PBoC organized the development and construction of the Statistical Monitoring and Analysis System of Financial Consumer Complaints in 2019 on the basis of implementing the standard for statistical classification and coding of financial consumer complaints in the banking system. The system has been deployed nationwide in 2020, further improving the monitoring and analysis of complaints and risk prediction and early warning. 5.In 2019 and 2020, the PBoC conducted on-site examination of financial consumer protection covering the main banking and payment institutions. In 2020, the PBoC conducted the ad-hoc inspections on the infringement of consumer financial information covering some banking institutions. In 2019 and 2020, the PBoC carried out the annual evaluation on the performance of financial consumer protection work covering banking and payment institutions.

(The CBIRC) 1. In 2016, the former CIRC, jointly with the Supreme People's Court, issued a Notice to comprehensively promote the Bridging System of Litigation and Mediation for insurance dispute.In 2019, the CBIRC, jointly with the Supreme People's Court and the PBoC, revised this Notice to comprehensively promote the Bridging System of Litigation and Mediation for banking and insurance dispute. 2. In 2017, the former CIRC issued the Interim Method on Traceability of Insurance Sales Behavior and the Opinions on Strengthening Risk Warning of Insurance Consumption, and signed an MOU with the NDRC, the PBoC and other government departments on Jointly Implementing Disciplinary Measures Against Subjects Responsible for Breaching of Trust in Insurance Sector. (to be amended).

3.In 2017, the former CBRC released the Interim Rules for the Administration of Equipping Audio and Visual Recordings at Sales Zones by Banking Financial Institutions, Work Rules for the Expert Committee on Banking Consumer Protection and Work Rules for the Conduct Regulation Committee on Financial Transactions. The two Work Rules emphasize the importance of expertise input and social surveillance in order to enhance the work of banking consumer protection in China. 4.In September 2018, the CBIRC released the Standard for Statistical Classification and Coding of Financial Consumer Complaints for Banking Institutions.

5. In October 2018, the CBIRC and the PBoC jointly issued the Notice on Implementing the Standard for Statistical Classification and Coding of Financial Consumer Complaints for Banking Institutions, in order to strengthen the analysis of financial consumer complaints. Other actions: (The CBIRC) 1. The former CBRC finished the annual evaluation on the performance of consumer protection work by banking financial institutions. 2. In 2018, the CBIRC conducted on-site examination covering the main banking and insurance institutions. 3. In 2018, the CBIRC launched Financial Knowledge into all activities and organized banking and insurance institutions to carry out the 3-15 Publicity and Education Week Activities on Financial Services. 4.In November 2018, the CBIRC released six typical cases of infringement of financial consumer rights, in order to raise consumers' awareness of risks. 5. The CBIRC integrated the former complaints channel for banking consumers into the 12378 hotline for insurance complaints, in order to smooth the complaints channel for financial consumers. 6.In January 2020, the CBIRC published Rules on Handling Financial Consumer Complaints in Banking and Insurance Industries²to specify supervisory rules and process to handle the complaints. 7.In June 2020, the CBIRC issued the Notice on the Backtrace of Online Insurance Selling Behaviors, to define insurance companies responsibility on regularizing sales activities and promoting the sustainable and healthy development of online insurance business. 8.In March 2021, the CBIRC issued the Notice on Solving the Difficulties for the Elderly to Access to Financial Services via Intelligent Technologies, which requires banks and insurance companies to deal with the problems faced by the elderly currently and meet their financial services demands better. 9.In July 2021, the CBIRC published Rules on Consumer Protection Assessment (CPA) on Banks and Insurance Companies, to evaluate the mechanisms and performance of financial consumer protection to safeguard financial consumers interests.

Other actions: (The CBIRC) 1.In 2020, the CBIRC conducted on-site examination covering the main banks, insurance companies, consumer credit finance companies, etc., focusing on the violation of laws and regulations of financial consumer protection. 2.In March 2020, the CBIRC organized banks and insurance companies to carry out the online 3-15 Consumers Day Publicity and Education Week Activities on Financial Services by posting information related to financial services on websites, mobile APPs, television, broadcast, newspapers. In September, the CBIRC jointly launched Financial Literacy Promotion Project with the PBoC, the CSRC and the Cyberspace Administration of China, to publicize financial common sense and knowledge. 3.In 2020, the CBIRC handled 60000 financial complaints via the 12378 hotline which is dedicated for processing complaints in banking and insurance industries, properly responded to the inquiries and complains of financial consumers. 4.In April 2021, the CBIRC conducted consumer protection assessment on banking institutions, focusing on system building, mechanism and implementation, operations and services, financial literacy, dispute settlement, and supervisory concern. 5.In 2020, the CBIRC

strengthened information disclosure and risk alert, releasing typical cases of infringement of financial consumer rights related to 8 banks and insurance companies, in order to raise financial consumers' awareness of risks.

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

Update and next steps: highlight main developments since 2019 survey

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

(The PBoC)1. The PBoC will accelerate legislation to protect the rights and interests of financial consumers and formulate special legislation on financial consumer protection covering the whole financial field to enhance the consistency of regulatory standards. 2. The PBoC will continue to standardize the financial marketing publicity behaviour of various market entities and crack down on all kinds of illegal financial marketing activities that cheat and mislead financial consumers. 3. In 2021, The PBoC will continue to conduct on-site examination of financial consumer protection covering some banking and payment institutions. 4. Since 2021, with the issuance of the Implementation Measures for the Protection of Financial Consumer Rights and Interests of the PBoC, the PBoC will legitimately carry out specific examinations of financial consumer protection covering banking and payment institutions. 5. In 2021, the PBoC will revise the framework and standards of annual evaluation on the performance of financial consumer protection work, consolidating the supervisory framework of conduct supervision.

(The CBIRC)1. The CBIRC has drafted Rules Governing the Financial Consumer Protection in Banking and Insurance Industries, which is in consultation currently. The formal version is expected to be published this year. 2. The CBIRC has amended the Notice on Traceability of Insurance Sales Behaviors, which is in consultation currently. The formal version is expected to be published this year. 3. The CBIRC is drafting the Guiding Opinions on Promoting the Establishment of Dispute Settlement and Mediation Agencies in Banking and Insurance Industries to further refine the multiple dispute settlement mechanism. 4. The CBIRC is planning to issue the Notice on Strengthening Personal Information Protection in Banking and Insurance Industries, requiring financial institutions to improve the management and control in mechanism, process, MIS, etc. 5. The CBIRC is planning to issue the rules on suitability of financial services in Banking and Insurance Industries, requiring financial institutions to offer proper financial products and services to proper financial consumers.

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

<http://www.pbc.gov.cn/zhengwugongkai/127924/128038/128109/3221078/index.html>
<http://www.circ.gov.cn/web/site0/tab5225/info3969126.htm>
<http://www.circ.gov.cn/web/site0/tab5225/info4050406.htm>
http://www.gov.cn/xinwen/2017-07/10/content_5209278.htm
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List of abbreviations used

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ABC: China Agricultural Bank
ASBEs: China's Accounting Standards for Business Enterprises
BOC: Bank of China
BOCOM: Bank of Communication
CBRC: (former) China Banking Regulatory Commission
CBIRC: China Banking and Insurance Regulatory Commission
CCB: China Construction Bank
CCRC: China Credit Rating Company
CIRC: China Insurance Regulatory Commission
CSRC: China Securities Regulatory Commission
DDRRR: dynamic adjustment of the differentiated reserve requirement ratio
DIS: deposit insurance system
ICBC: Industrial and Commercial Bank of China
LTV: loan to value ratio
MOF: the Ministry of Finance
NAFMII: National Association of Financial Market Institutional Investors
NDRC: the National Development and Reform Commission
PBC/PBOC: the People's Bank of China
PRC: the People's Republic of China
SAC: Securities Association of China
SAFE: State Administration of Foreign Exchange