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

Jurisdiction
India

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

G20/FSB Recommendations

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

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

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

I2: Hedge funds - Establishment of international information sharing framework

G20/FSB Recommendations

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

Remarks

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

In addition, jurisdictions should state whether they are:

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
July 28, 2014

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
Securities and Exchange Board of India (SEBI) and securities market regulators of 27 member States of the European Union ("EU") / European Economic Authority ("EEA") signed bilateral Memorandum of Understanding (MoU) concerning consultation, cooperation and the exchange of information related to the supervision of the Alternative Investment Fund Managers (AIFMs). The bilateral MoUs were signed on July 28, 2014. The MoUs were signed in pursuance of the EU Alternative Investment Fund Managers Directive (AIFMD) that was adopted by the European Council and Parliament in July 2011 which requires that adequate supervisory cooperation arrangements are put in place between EU and non-EU supervisory authorities including SEBI." SEBI is also a signatory to the Multilateral Memorandum of Understanding (MMoU) of International Organisation of Securities Commissions (IOSCO) and as a signatory to bi-lateral MoU with foreign regulatory bodies of various jurisdictions, is required to share information, related to its registered intermediaries (including hedge funds), if the same is sought by the foreign regulator in concerned jurisdiction.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http://www.sebi.gov.in/sebiweb/home/detail/28853/yes/PR-SEBI-signs-MoU-with-27-European-regulators http://www.sebi.gov.in/cms/sebi_data/internationalAffr/IA_MMOU.html

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
September 28, 2011 (Securities Regulator)

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
SEBI has issued a circular specifying the guidelines for issue/sale of structured products to retail investors i.e. "Guidelines for Issue and listing of Structured Products Market Linked Debentures" dated September 28, 2011. The Circular, inter alia, provides for eligibility criteria for issuer, minimum ticket size, disclosure requirements, appointment of third party valuation agency etc. For issuing these instruments, the issuer shall have minimum net worth of Rs 1 billion. While the issuers are free to determine the face value for such securities, no invitations for subscription or allotments shall be made for an amount less than Rs.1million in any issue. It is mandatory for the issuer to appoint a third party valuation agency which shall be credit rating agency registered with SEBI. A risk factor shall be prominently displayed that such securities are subject to model risk and the principal amount is subject to the credit risk of the issuer whereby the investor may or may not recover all or part of the funds in case of default by the issuer. The issuer is required to make "a detailed scenario analysis/valuation matrix showing value of the security under different market conditions such as rising, stable and falling market conditions shall be disclosed in a table along with a suitable graphic representation". It is mandatory for the issuer to appoint a third party valuation agency which shall be credit rating agency registered with SEBI. Structured Finance Instrument: In terms of regulation 43(1) of SEBI (Mutual Fund) Regulations, mutual funds are allowed to invest in securitised debt instruments, which are either asset backed or mortgage backed securities. Further, mutual fund scheme are not allowed to invest more than 10% of its (Net Asset Value) NAV in mortgaged backed securitised debt issued by a single issuer which are rated not below investment grade by a credit rating agency registered with SEBI. This limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of asset management company (In terms of Seventh Schedule of SEBI (Mutual Fund) Regulations, 1996). Further, specifically for Infrastructure Debt Fund Schemes, schemes may invest up to 30% of its NAV in securitised debt securities of any single infrastructure company. This limit may be extended to 50% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of asset management company. Extensive due diligence is carried out at all the levels i.e. Trustees carries out on the Board of Directors of Asset Management Companies, Board of Director carries out on the investment Managers and Investment Managers before taking investment decision. Specifically, for investment in securitised debt instrument the following parameters are looked into and the same is also disclosed in the Scheme Information Document (SID): i) Risk profile of securitized debt vis-à-vis risk appetite of the scheme ii) Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc. iii) Risk mitigation strategies for investments with each kind of originator: a) Assessment by a Rating Agency; b) Acceptance evaluation parameters (for pool loan and single loan securitization transactions); c) Critical Evaluation Parameters (for pool loan and single loan securitization transactions); d) Illustration of the framework that will be applied while evaluating investment decision relating to a pool securitization transaction. iv) The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments. v) Minimum retention period of the debt by originator prior to securitization and minimum retention percentage by originator of debts to be securitized. vi) The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund. vii) In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt. The above parameters are in place since September 2010. Further Suitability requirements for distribution and product labelling of mutual fund products including structured products have also been introduced by SEBI Insurers are permitted to invest in Asset Backed Securities (ABS) with underlying housing loans and Infrastructure Assets as per the IRDA (Investment) Regulations, 2016. Regulations do provide exposure limits (10% of respective Fund in case of Life Insurers and 5% of investment assets in case of General Insurers) in such investments. If any asset downgraded below AAA, then the assets shall be classified as "Other Investments" which is capped at 15%. Regulations mandate Insurers to have Risk Management policy to govern the investment issues and the Investment Committee to manage the investments. The compliance requirements along with the exposure norms require to be audited by concurrent Auditor and be reviewed by Audit Committee on ½ yearly basis. Further, once in two years, Insurers require their investment risk management systems and processes to be audited. The negative deviations with the comments of Concurrent Auditor are filed with IRDAI. As per Investment- Master Circular, Insurers are permitted Invest in Credit Default Swaps (CDS) as ˆUSER to hedge credit risk. The Board should frame a suitable risk management policy to cover permitted type of type of Assets, counter parties, valuation norms, stress testing, applicable margins, settlement of Mark-to-market (MTM), Systems and procedures, Management Information System (MIS) etc. Besides the products and risk management systems mentioned in the earlier surveys, Insurers cannot invest in any new structured products beyond ABS and CDS, unless permitted by IRDAI. The position continues to date. As per PFRDA Investment Guidelines 2017, the Pension Funds under National Pension System (NPS) are allowed to make investments in rated Asset Based Securities, Commercial mortgage based Securities or Residential mortgage based securities, units issued by Real Estate Investment Trusts (REIT), unites issued by Infrastructure Investment Trusts, provided that investment under this category shall only be in listed instruments or fresh issues that are proposed to be listed. Provided further that investment under this category shall be made only in such securities which have minimum AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered by the SEBI under SEBI (Credit Rating Agency) Regulations, 1999 and subject to due diligence by the PFM. Investment in SEBI Regulated AIF (Category I and Category II only) as defined under the SEBI (Alternative Investment Fund) regulations 2012 are permitted for the New Pension System (NPS) Schemes. Other actions: SEBI (Mutual Fund) Regulations, 1996 and circulars issued there under.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://www.sebi.gov.in/legal/circulars/sep-2011/guidelines-for-issue-and-listing-of-structured-products-market-linked-debentures_20742.html http://www.sebi.gov.in/cms/sebi_data/attachdocs/1317205112545.pdf SEBI (Mutual Fund) regulations, 1996: http://www.sebi.gov.in/cms/sebi_data/commondocs/mutualfundupdated06may2014.pdf SEBI circular No. Cir/IMD/DF/13/2011, dated August 22, 2011: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1314009686727.pdf SEBI circular No. CIR/IMD/DF/5/2013, dated March 18, 2013: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1363665768253.pdf SEBI circular No. CIR/IMD/DF/4/2015, dated April 30, 2015: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1430388883147.pdf http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo63&flag=1 http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo1898&flag=1 http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo357&flag=1 http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo34&flag=1 http://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo49&flag=1 https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo2934&flag=1 https://www.irdai.gov.in/ADMINCMS/cms/Circulars_Layout.aspx?page=PageNo1828&flag=1 http://www.pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=1159 http://www.pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=1015 http://www.pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=854

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
September 28, 2011

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
SEBI has laid down the framework for public offer and listing of securitized debt instruments through SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008. As per the said Regulation, no special purpose distinct entity or trustee thereof shall make an offer of securitised debt instruments to the public unless it files a draft offer document with SEBI at least 15 working days before the proposed opening of the issue. If SEBI specifies any changes to be made in the offer document, the special purpose distinct entity and trustee thereof shall carry out such changes in the draft offer document prior to filing it with the stock exchange. An offer document issued by a special purpose distinct entity or trustee thereof should contain all material information which is true, fair and adequate for an investor to make informed investment decision and should also disclose the matters specified in Schedule. Schedule to the said Regulations prescribes comprehensive disclosures pertaining to the issuer, originator, assets, pool details, credit enhancements etc. Further, SEBI has laid down model listing agreement for Securitized Debt Instruments on March 16, 2011, which specifies continuous listing requirements for Securitized debt securities. As per the Listing Agreement, special purpose distinct entity needs to furnish details, either by itself or through the servicer, on a monthly basis to the stock exchanges. Those details include details on pool snapshot, tranche snapshot, pool level details, yield, maturity & Loan -to-value (LTV) details on credit enhancement, waterfall mechanism till maturity, future cash flows schedule till maturity, collection efficiency, report asset class, details of overdue loans, credit rating, loan level details etc. These details have to be submitted within 7 days from the end of the month/ actual payment date. Where periodicity of the receivables is not monthly, reporting has to be made for such relevant periods. As a measure to develop the securitized debt market and improve transparency, the Over The Counter (OTC) transactions in Securitized Debt Instruments are required to be reported by banks and Primary Dealers (PDs) on the reporting platform of the stock exchanges and get settled through the clearing houses of the stock exchanges. Reserve Bank of India (RBI) disclosures requirements for securitisation transactions are quite comprehensive. RBI prescribed disclosures for the securitisation trustees under the Securitisation Guidelines 2006 which includes disclosures to the regulators as and when required by them, written disclosures to investors as well as continuing disclosures to each securities holder individually at periodic intervals (maximum 6 months or more frequent). Further, the Special Purpose Vehicle (SPV)/trustee should publish a periodical report on any reschedulement, restructuring or re-negotiation of the terms of the agreement, effected after the transfer of assets to the SPV, as a part of disclosures to all the participants at Quarterly/Half yearly intervals. Disclosures by the originators have been prescribed under the Securitisation Guidelines issued in February 2006 and May 2012 as per which the originating banks are required to make disclosures in the notes to accounts regarding exposures of the bank to securitization transactions with regards to minimum retention requirement (MRR) and other exposures. Further, the originator of the securitised instrument has to disclose certain information in the servicer/investor/trustee report. The disclosures includes information on the weighted average holding period of the assets securitised, the credit quality of the underlying loan/assets as well as detailed information on various aspects of securitisation transaction like distribution of overdue loans, amount of tangible security available, rating wise distribution, etc. Originators are also required to disclose details of their securitization exposures to Audit Sub-committee of their Board on quarterly basis. This will help in facilitating for better understanding and preparation of such documents by issuers as well as help investor in decision making process. These amendments have been notified in the official gazette on April 9, 2015 As a measure to develop the securitized debt market and improve transparency, the Over The Counter (OTC) transactions in Securitized Debt Instruments are required to be reported by banks and PDs on the reporting platform of the stock exchanges and get settled through the clearing houses of the stock exchanges. SEBI has laid down the framework for public offer and listing of securitized debt instruments through SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008. As per the said Regulation, no special purpose distinct entity or trustee thereof shall make an offer of securitised debt instruments to the public unless it files a draft offer document with SEBI at least 15 working days before the proposed opening of the issue. If SEBI specifies any changes to be made in the offer document, the special purpose distinct entity and trustee thereof shall carry out such changes in the draft offer document prior to filing it with the stock exchange. An offer document issued by a special purpose distinct entity or trustee thereof should contain all material information which is true, fair and adequate for an investor to make informed investment decision and should also disclose the matters specified in Schedule. Schedule to the said Regulations prescribes comprehensive disclosures pertaining to the issuer, originator, assets, pool details, credit enhancements etc. Further, SEBI has laid down model listing agreement for Securitized Debt Instruments on March 16, 2011, which specifies continuous listing requirements for Securitized debt securities. As per the Listing Agreement, special purpose distinct entity needs to furnish details, either by itself or through the servicer, on a monthly basis to the stock exchanges. Those details include details on pool snapshot, tranche snapshot, pool level details, yield, maturity & Loan -to-value (LTV) details on credit enhancement, waterfall mechanism till maturity, future cash flows schedule till maturity, collection efficiency, report asset class, details of overdue loans, credit rating, loan level details etc. These details have to be submitted within 7 days from the end of the month/ actual payment date. Where periodicity of the receivables is not monthly, reporting has to be made for such relevant periods. SEBI during April 2015, made amendments to SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008 to incorporate a standardized summary term sheet for securitization transactions and the code of conduct of securitization trustee. The prescribed summary term sheet (which is applicable for both public issues and private placement which further gets listed), inter-alia includes disclosures on originators, Issuer, trustee, transaction structure etc, key pool features, credit enhancement etc. This will help in facilitating for better understanding and preparation of such documents by issuers as well as help investor in decision making process. These amendments have been notified in the official gazette on April 2015.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://rbidocs.rbi.org.in/rdocs/notification/PDFs/68628.pdf https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FIGUSE070512.pdf https://rbidocs.rbi.org.in/rdocs/notification/PDFs/CIR24022014F.pdf http://www.sebi.gov.in/cms/sebi_data/commondocs/sdireg_p.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1300794690530.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1428639949107.pdf http://www.sebi.gov.in/acts/sdireg.pdf https://www.sebi.gov.in/legal/circulars/sep-2011/guidelines-for-issue-and-listing-of-structured-products-market-linked-debentures_20742.html http://www.sebi.gov.in/cms/sebi_data/attachdocs/1317205112545.pdf SEBI (Mutual Fund) regulations, 1996: https://www.sebi.gov.in/legal/regulations/may-2008/sebi-issue-and-listing-of-securitized-debt-instruments-and-security-receipts-regulations-2008-last-amended-on-june-26-2018-_34627.html

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

G20/FSB Recommendations

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

Remarks

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

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

See, for reference, the following documents:

BCBS

- *Framework for G-SIBs (Jul 2018)*
- *Framework for D-SIBs (Oct 2012)*

IAIS

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

FSB

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

Progress to date: 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 - N/A Regulation / Guidelines - N/A Other actions (such as supervisory actions) - N/A

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

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

Update and next steps: highlight main developments since 2019 survey

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

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

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

G20/FSB Recommendations

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

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

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

III9: Enhancing supervision - Supervisory exchange of information and coordination

G20/FSB Recommendations

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

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

Remarks

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
22.04.2003

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
(a) Home-Host Supervisory cooperation - As on May 4, 2018, formal arrangements such as MoUs/Statement of Co-operation (SoC(/Letter for Co-operation (LoC)) for supervisory co-operation and exchange of supervisory information have been established with 44 (forty four) overseas supervisory authorities. Besides ad-hoc agreements for supervisory co-operation and exchange of information were established with 3 (three) other overseas supervisory authorities pending establishment of a formal MoU at a later date/ based on the preference of the overseas counterpart for the ad-hoc agreement. The overseas supervisory authorities with whom formal/informal arrangements are in place include both host authorities (of Indian banks having overseas presence) as well as home authorities (of foreign banks operating in India). Supervisory Colleges were established during 2012-14 for all six major Indian banks having significant overseas operations. Periodical (once in two years) meetings of the Colleges are organized by RBI. The proceedings of the Colleges are in line with the best practices recommended by BCBS. Need based interactions with College members through secured electronic mail, teleconferences/videoconferences or physical letters are also resorted to with reference to supervisory issues warranting co-ordinated attention/action. On-site inspection of overseas offices of Indian banks in major jurisdictions were undertaken on an annual basis during 2012-2015 based on significant exposures, problem credits and other supervisory concerns that came to the notice of RBI. The insights gained through the onsite inspection process are captured appropriately in the risk assessment of the concerned banks. It has been Indias experience that the existence of MoUs has helped in strengthening ties and enhancing communication with our overseas counterparts in a more meaningful manner. The MoUs provides for a formal, yet legally non-binding, channel for exchange of supervisory information between supervisors. Co-operation with overseas supervisors during the on-site inspections of cross-border banking organisations (by RBI/overseas supervisors) which results in exchange of supervisory information has been the most perceptible area which received a boost following the conclusion of the MoUs. Discussions and exchange of supervisory information between RBI and overseas supervisors prior to and following on-site inspections have been beneficial for the supervision of cross border banking organisations. Such discussions and exchange of information takes place both when the overseas supervisors inspect foreign banks in India as well as when we undertake inspections of Indian banks in overseas jurisdictions. (b) Supervisory cooperation among domestic regulators: A MOU was signed between the domestic regulators, viz RBI, SEBI, IRDAI and PFRDA in March 2013 to express their willingness to co-operate on the basis of the reciprocity as well as mutual trust and agree to base their co-operation in the field of Consolidated Supervision and monitoring of financial groups identified as Financial Conglomerates (FCs). The MOU is a statement of intent by the domestic regulators to collaborate, co-operate, share information, coordinate on-site examinations, and consult on matters of mutual supervisory /regulatory interest and to undertake assessment of systemic risk arising from the activities of FCs as a part of the FC monitoring framework under the IRF ambit. However, no provision of this MOU is intended to give rise to the right on the part of any person, entity or government authority, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this MOU. Furthermore, this MOU do not require any of the Authorities to provide information with respect to any matter, the disclosure or provision of which is restricted or prohibited by law or to provide assistance/ act in any manner which is restricted or prohibited by the law. SEBI, being a signatory to the Multilateral Memorandum of Understanding (MMOU) of IOSCO and as a signatory to bi-lateral Memorandum of Understanding with foreign regulatory bodies of various jurisdictions, is required to share information, related to its registered intermediaries (including hedge funds), if the same is sought by the foreign regulator in concerned jurisdiction. As per the FSAP of India conducted in 2012 (recent FSAP completed in 2017), SEBI has been found as fully compliant with respect to the then IOSCO Principles 11, 12 & 13. Principle 11: The regulator should have the authority to share both public and non-public information with domestic and foreign counterparts Principle 12. Regulators should establish information sharing mechanisms that set out when and how they will share both public and non-public information with their domestic and foreign counterparts. Principle 13. The regulatory system should allow for assistance to be provided to foreign regulators who need to make inquiries in the discharge of their functions and exercise of their powers.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http://www.sebi.gov.in/cms/sebi_data/internationalAffr/IA_BilMoU.html

III10: Enhancing supervision - Strengthening resources and effective supervision

G20/FSB Recommendations

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

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

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

Remarks

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
HR: Resource needs are continuous and on-going functions. However for the purpose of providing resources for commodities markets, the allocation was done via an internal circular issued in the month of September 2015 Notification of PFRDA Act in Feb,2014 Section 14(1) empowers PFRDA to take all steps in the interest of subscribers, systems and schemes.

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
(i) The High Level Steering Committee (HSLC) set up to review the Supervisory processes of commercial banks had recommended Risk-Based Supervision (RBS) of banks in its 2012 Report. (ii) The Committee has recommended that for undertaking key supervisory roles in specialized areas of risk management and modelling, treasury, credit, operational risk, and assuming the role of lead /principal inspecting officer, the supervisory staff should have an acceptable base level of knowledge /skill and experience especially those who are involved in supervision of banks having large and complex operations. Additionally, for undertaking general supervisory activities, accreditation with specific programs and training designed for AML /KYC, off-site supervision, customer service, accounting etc. is desirable. It has also recommended external agencies may be appointed, as required to train and equip staff. (para 6.8 - Supervisory Skills (HLSC Report dated June 2012); web link provided below) (iii) Based on the Committees recommendations, RBI has initiated the following steps: - The Supervisory teams are adequately staffed and officers are encouraged to build skills in different areas of supervision. - Officers are regularly sent for various trainings/workshops on supervisory issues, both in India and abroad. - Sensitization workshops on Risk Based Supervision are also regularly held for banks. Apart from the regular external training opportunities at domestic and foreign institutions, a minimum training coverage of the staff is ensured through the annual internal trainings on Risk Based Supervision. In 2017, around 200 officers were covered in two senior supervisor level and three junior supervisor level trainings on RBS. Further, around 30 officers were covered as part of a separate workshop for Quality Assurance teams for RBS reports. In 2018, two RBS workshops for senior supervisors and two RBS workshops for junior supervisors covering around 120 officers have already been completed between February 2018 and April 2018. Two RBS workshops have been specifically designed and planned to cater to the training requirements of the newly joined officers in the supervision department. The same are scheduled to be conducted in the end of May 2018 and June 2018, covering around 60 officers at senior and junior levels. Further, the need based sensitization sessions for Banks Board, top management, middle management and operational staff are being conducted and expected to be completed by September 2018. (iv) In addition to the above, as part of the World Bank Knowledge Partnership project, trainings on RBS and other supervisory areas are proposed to be conducted. (v) In view of the growing significance of Fin Tech innovations and their interactions with the financial sector as well as the financial sector entities, the Financial Stability and Development Council - Sub Committee (FSDC-SC) in its meeting held on April 2016 decided to setup a Working Group to look into and report on the granular aspects of Fin Tech and its implications so as to review and reorient appropriately the regulatory framework and respond to the dynamics of the rapidly evolving Fin Tech scenario. Accordingly RBI had setup an inter-regulatory Working Group on Fin Tech and Digital Banking during July 2016 to look into and report on the granular aspects of Fin Tech and its implications so as to review and reorient appropriately the regulatory framework and respond to the dynamics of the rapidly evolving Fin Tech scenario. RReport of the WG on "FinTech and Digital Banking in India" was published on February 8, 2018 and presented in FSDC forum. Reserve Bank has issued guidelines to register and regulate peer to peer lending platforms as NBFC R Peer to Peer Lending Platforms (NBFC R P2P) to ensure customer protection, data security and orderly growth. The Bank issued directions to NBFCs on managing risks and following code of conduct in outsourcing of financial services. This would ensure that NBFCs have sound and responsive risk management practices for risk arising out of such outsourced activities. PFRDA has recruited officers in the FY 2017-18. Majority of these officers have been posted in Regulatory and Supervisory departments dealing with various intermediaries in the NPS architecture like Pension Funds, Centralized Recordkeeping Agency, Points of Presence/Aggregators etc. to strengthen the Authority. Supervisory Strategy: The IRDA of India has formed a Project Committee to study and recommend an appropriate RBS framework for holistic supervision of insurance sector in India. The Project Committee has suggested a supervisory strategy based on RBS approach for supervision of insurance sector. Engagement with Insurers: As part of RBS approach to insurance supervision, the Project Committee has suggested a pre-emptive role for resolving the issues with the insurers by engaging Board and Senior Management of the insurers. In addition, the Project Committee has also suggested moving toward holistic approach towards supervision of the regulated entities and creating a single point of contact for engagement of insurers. With this approach, the focus of supervision would be on all aspects pertaining to an entity on an ongoing basis. Improvement in IT/MIS: The Project Committee has suggested certain measures for strengthening the IT/MIS both for the Insurers and the IRDAI with an expectation of aggregating risk data to develop more robust and accurate risk assessment. Data request: In order to support more effective supervision, the Project Committee has suggested the IRDAI ensure that the data requests are evaluated for the purpose and intent to provide a more detailed supervisory understanding of risks and vulnerabilities. Talent Management Strategy: In order to suit the skill requirements for RBS framework, the Project Committee has suggested the establishment of Training Colleges to meet various training required for Risk-Based Supervision. The Committee has also suggested structural changes in the organization to bring a holistic approach to supervision, to meet the RBS requirement, to build an outcome based functioning, to create capacity & accountability, to ensure optimum utilization of available resources The IRDAI has been acquiring/hiring suitable resources continuously from the industry and the open market to oversee the changing risk profile of the insurers. The insurers possess requisite capacity to understand and manage various risks they are exposed to. Under the proposed RBS framework, the IRDAI is supposed to continuously assess the resource needs and training needs to meet the changing dynamics of the insurance market and to ensure availability of skill and expertise at senior levels of management.

Fintech: SEBI has institutionalized the following three-tier structure in securities market to monitor cyber security related events and take actions as deemed necessary in the interest of the securities market: Tier 1: High Powered Steering Committee on Cyber Security (HPSC-CS) chaired by a Whole Time Member of SEBI, Tier 2: Cyber Security Centre / Lab, Tier 3: A Cyber Cell under the Market Regulation Department to coordinate with the Steering Group, cyber security lab /center and MIIs, Security Operations Centres (SOCs) to be established at SEBI and respective MIIs. HPSC-CS includes a member of SEBIs Technical Advisory Committee (TAC) and a cyber-security expert from a Government organization. Various measures taken/ under process by SEBI include: 1) Issuance of various advisories to Market Infrastructure Institutions (MIIs) i.e stock exchanges, depositories and clearing corporations; 2)Complete cyber-security audit of the MIIs; 3) Strengthening of SOC framework at the MIIs; 4) Creation of secure intranet portal for information sharing amongst MIIs; 5)Creation of cyber-security lab; 6)Comprehensive review of the cyber-security framework; 7)Extending the Cyber Security and Cyber Resilience framework to other intermediaries; and 8) Creation of a cyber-security maturity index to assess the cyber security and cyber resilience of Market Infrastructure Institutions (MIIs). IRDA Act, 1999 empowers the Authority to regulate and develop the insurance industry independently by making regulations, guidelines and notifications within the framework of Insurance Act, 1938 and Insurance Rules, 1939. The legislative framework in this regard is available at the following link: https://www.irda.gov.in "The Insurance Laws (Amendment) Act 2015, has given wider powers to the Regulator to frame regulations in various areas which were earlier hardcoded in the legislation itself. This has given much needed flexibility to the insurance industry." In the pension sector, for macro prudential oversight, the PFRDA has formulated regulations in respect of Pension Funds, National Pension Trust, Trustee Bank, Central Recordkeeping Agency, Custodian of securities, Aggregators, Point of Presence, Redressal of subscribers grievances, Exit and Retirement advisor etc. While framing all these regulations, the interest of subscribers has been the top most priority. PFRDA also lays down the investments guidelines to guide the pension funds to manage the contributions of the subscribers. The investment guidelines set the prudential and exposure limits on each of the assets classes based on the potential risk associated with these asset classes and instruments therein. Prudent regulations ensure that a healthy ecosystem is developed which is sustainable and systemically stable. PFRDA has also engaged with the World Bank for risk mapping in the pension sector and developing a framework for Risk Based Supervision (RBS) for the pension sector in the country. PFRDA is involved in capacity building of its staff. A comprehensive training policy for the PFRDA is under consideration. PFRDA has also been nominating officers for various training programmes at prestigious institutions/bodies. Training programme in Regulatory Affairs for officials of PFRDA concerning conduct of inspection, investigation, enquiry and writing draft order under PFRDA Act and various intermediary regulations is being conducted in tie-up with National Institute of Securities Markets (NISM). The officials are also members of various Committees and groups involving international organisations such as International Organization of Pension Supervisors (IOPS) and World Bank. Cyber Security: In the Budget Speech 2017-18, the Finance Minister, Government of India had stated that Cyber security is critical for safeguarding the integrity and stability of our financial sector and announced that a Computer Emergency Response Team for the Financial Sector (CERT Fin) will be established. Thereafter, a Working Group had been set up under the chairmanship of Director General, Indian Computer Emergency Response Team (CERT-In) with relevant institutions/departments like Economic Affairs, D/o Financial Services, Ministry of Electronics and Information Technology (MeitY), RBI, SEBI, IRDAI, PFRDA, National Payments Corporation of India (NPCI), Institute for Development and Research in Banking Technology (IDBRT) and Reserve Bank Information Technology Private Limited (ReBIT). The Working Group had submitted its report on which public comments were sought and a final view has been decided on the scope and functions of the proposed CERT-Fin including its funding and its organizational structure. It has been decided that apart from all financial sector regulators ie; RBI, SEBI, IRDAI, PFRDA; the financial sector agencies such as ˆMCA 21 of Ministry of Corporate Affairs, Employees Provident Fund Organization (EPFO), Serious Fraud Investigation Office (SFIO), Security Printing and Minting Corporation of India Limited (SPMCIL), Goods and Service Tax Network (GSTN) can be brought under the ambit of CERT-Fin and other relevant organizations may join subsequently. CERT-Fin is proposed to work towards preventing and responding to cyber security incidents in the financial sector in close coordination with all financial sector regulators/agencies and Indian Computer Emergency Response Team (CERT-In).

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://www.rbi.org.in/scripts/PublicationReportDetails.aspx?ID=663#C6 https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/0FSRC9DF0597A123466D9BF148E49BE1E3C1.PDF The Regulations are available at http//www.irda.gov.in https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/NT87_091117658624E4F2D041A699F73068D55BF6C5.PDF https://rbidocs.rbi.org.in/rdocs/notification/PDFs/MDP2PB9A1F7F3BDAC463EAF1EEE48A43F2F6C.PDF

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
August 2012 and March 8, 2013

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
A Monetary Policy Framework Agreement between the Government and the Reserve Bank of India was signed on 20.2.2015, providing for flexible inflation targeting. With a view to maintaining price stability, while keeping in mind the objective of growth, the Reserve Bank of India Act, 1934 (RBI Act) has been amended by the Finance Act, 2016, to provide for a statutory and institutionalised framework for a Monetary Policy Committee (MPC). The provisions of the RBI Act relating to the chapter on Monetary Policy have been brought into force through a Notification in the Gazette of India Extraordinary on 27.6.2016. The Rules governing the Procedure for Selection of Members of Monetary Policy Committee and Terms and Conditions of their Appointment and factors constituting failure to meet inflation target under the MPC Framework have also been notified in the Gazette on 27.6.2016. The Government, in consultation with the RBI, has notified the inflation target in the Gazette of India Extraordinary dated 5th August 2016, for the five year period beginning from the date of publication of this notification and ending on the March 31, 2021, as under:- Inflation Target: Four per cent. Upper tolerance level: Six per cent. Lower tolerance level: Two per cent. The Monetary Policy Committee has been constituted and its constitution notified in the Official Gazette on 29.9.2016 and is functional. India, with a view to strengthen and institutionalize the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010. The Chairman of the Council is the Finance Minister and its members include Minister of State, in-charge of Department of Economic Affairs", the heads of financial sector Regulators [Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) & Insurance Regulatory and Development Authority of India (IRDAI)], Chairman, Insolvency and Bankruptcy Board of India (IBBI), Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, Secretary, Department of Revenue, Secretary, Ministry of Electronics and Information Technology, Secretary, Ministry of Corporate Affairs and the Chief Economic Adviser. Adviser (FS) is the Secretary to the Council. The responsibility of the FSDC includes, inter alia, financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion, macro prudential supervision of the economy including the functioning of large financial conglomerates and coordinating Indias international interface with financial sector bodies like Financial Stability Board (FSB), Financial Action Task Force (FATF) and any other matter relating to the financial sector stability and development referred to by a member/Chairperson and considered prudent by the Council/Chairperson. Regular meetings are held to deliberate on the issues as mandated. So far FSDC has held 18 meetings and, apart from assessment of macro-economic financial stability related issues, it has discussed issues such as external sector vulnerabilities and review of recent macroeconomic developments, development of corporate bond market, implementation of recommendations of the FSLRC, asset quality, capital adequacy of banks, management & governance issues of Public Sector Banks (PSBs), impact of the tapering off of the quantitative easing in the US, fraud in Banks, building effective deterrence through expeditious action, rising bank NPAs, developing a robust regulatory framework for various credit guarantee schemes of the Government, comprehensive scheme for identification of SIFIs across all sub-sectors of financial sector, possible stress in the financial markets on account of maturity of concessional swaps in 2013 against FCNR deposits, Fin Tech, digital innovation and cyber security, emergent issue of debit card data theft, financial inclusion and financial literacy, etc. FSDC had also held meeting to have budget consultations with the financial sector regulators. It has now been decided by FSDC-SC that SEBI and IRDAI too shall finalize the framework for identification of systematically important institutions. Government had set up a Task Force on setting up of the Financial Data Management Centre (FDMC), which has in its report suggested for setting up an FDMC. In the Budget Speech of 2016-17, Finance Minister announced setting up of FDMC under the aegis of the FSDC to facilitate integrated data aggregation and analysis in the financial sector. A Committee set up for the purpose, has inter alia, suggested a draft FDMC Bill, subsequent to which inter-regulatory and inter-ministerial consultations have been completed and a draft Cabinet Note for setting up a statutory Financial Data Management Centre (FDMC) with the objective to provide a decision support system to FSDC, and has been finalized. Setting up a sector-neutral Financial Redressal Agency (FRA) that will address grievances against all financial service providers was announced in the Budget Speech 2015-16. Comments were invited from stakeholders/public on the Task Force Report and the comments so received are under examination. The Financial Resolution and Deposit Insurance Bill, 2016 (the Bill) has been introduced in the Lok Sabha on August 2017 and referred to a Joint Committee of Parliament with instructions to make a report to the Parliament by the last day of the first week of the next Session. The time period for submission of the report has been extended and now the Committee has been asked to submit its report by the last day of the Monsoon Session. The enactment of the Bill will establish and empower the Resolution Corporation to contribute to the stability and resilience of the financial system by carrying out speedy and efficient resolution of financial firms in distress, providing deposit insurance to consumers of certain categories of financial services, monitoring the Systemically Important Financial Institutions and protecting the consumers of financial institutions and public funds to the extent possible. The Government would await the recommendations of the Joint Committee on the Bill. The Insolvency and Bankruptcy Code, 2016 (Code) came into force on 28th May 2016. The Adjudicating Authority for Corporate Insolvency Resolution and Liquidation was established on 1st June, 2016. The Insolvency and Bankruptcy Board of India (IBBI), the Regulator, was established on 1st October, 2016. For implementation of the Code, the Government of India and the IBBI have made several Rules, Notification and Regulations. The Code was amended on 18th January, 2018 to prohibit certain persons from submitting resolution plans who, on account of their antecedents may adversely impact the credibility of the processes under the Code. Persons with certain disabilities such as undischarged insolvent, wilful default, non-performing asset accounts, convict of an offence punishable with imprisonment for two years or more, disqualifier to act as a director, prohibition by the Securities and

Exchange Board of India from trading in securities or accessing securities market, indulgent in preferential or undervalued or fraudulent transactions, etc are disqualified to submit resolution plan. The main objectives of the IBC are to provide insolvency resolution process, maximisation of value of assets of corporate persons, promotion of entrepreneurship and balancing the interests of all stakeholders. There has been significant progress in insolvency of corporate persons in the country since the Code has come into being. India did not have prior experience of an insolvency resolution law that was pro-active, incentive-compliant, market-led, and time-bound. Thus, the Code, is in many ways, a leap into the unknown. Yet, the progress has been amazing; the commercial world quickly accepted the law and its implementation. The entire regulatory framework relating to corporate insolvency resolution, fast track resolution, liquidation, voluntary liquidation, insolvency professional agencies (IPAs), insolvency professionals (IPs), information utilities (IUs) and the entire ecosystem comprising Adjudicating Authority, IBBI, IPs, IPAs, IUs) are already in place and working. Debtors and creditors alike are undertaking corporate insolvency processes. Over 800 corporate debtors, including 12 big accounts identified by the Reserve Bank of India, have been admitted into the resolution process till now. Of them, about 70 have been closed on appeal or review. About 130 have completed the first phase ending in either resolution or liquidation. Resolution of 27 corporate debtors have been done, while 104 yielded liquidations. This kind of outcome is consistent with the expectation under the Code in the initial days of its implementation. The resolution process gives good outcomes when the process is initiated at the earliest and completed at the earliest. If it is initiated very late, the corporate is only worth its liquidation value, which even decays further with time. Many of the corporates ending up with liquidation had long pending defaults and hence were left with little organisational capital. Therefore, in most of the cases, the resolution value offered was either below the liquidation value, the resolution plan came from ineligible parties, or there was no resolution plan at all. A few years down the line, corporate debtors would come up for resolution at the earliest instance of default of threshold amount, that is, when they have reasonably good health and stakeholders have incentive to preserve the organizational capital and therefore will invariably opt for resolution. About 200 corporate debtors are undergoing voluntary liquidation. Work on individual insolvency framework has also begun. Regulation and development of valuation profession has begun as well. The valuation examinations for three asset classes have commenced. There are about 1800 IPs, 80 IPEs, seven registered valuers" organisations, three IPAs, and one IU. Enforcement and adjudication framework in respect of service providers are in place. On recognising the progress in implementation of the Code, the World Bank improved India"s ranking from 136 to 103 in fResolving Insolvency" parameter in its report fDoing Business 2018f.

Together with the Insolvency and Bankruptcy Code, a resolution mechanism for financial firms will ensure comprehensiveness of the resolution system in our country. a) Institutional mechanism for monitoring systemic risk across financial system is in place since 2010 in the form of Financial Stability and Development Council (FSDC), its Sub-Committee (FSDC-SC) and Sub-Groups of the FSDC-SC. b) Dedicated monitoring of financial conglomerates through one of the sub-groups of the FSDC-SC c) Macro-prudential surveillance of the financial system carried out on an on-going basis using state-of-the-art analytical tools and techniques. The results are also disseminated in public domain through Financial Stability Reports. The institutional mechanism for monitoring financial stability (i.e. FSDC/ FSDC-SC) is not based on any legislation. They were set up as non-statutory body vide a notification dated December 30, 2010 in the Gazette of India. The framework on Countercyclical Capital Buffer (CCCB) was put in place vide RBI guidelines on February 5, 2015 wherein it was advised that the CCCB would be activated as and when the circumstances warranted, and that the decision would normally be pre-announced with a lead time of four quarters. The framework envisages credit-to-GDP gap as the main indicator which may be used in conjunction with other supplementary indicators, viz., incremental credit-deposit (C-D) ratio for a moving period of three years, industry outlook survey (IOS) assessment index and interest coverage ratio. RBI has finalized its framework for dealing with domestic systemically important banks in July 2014. An Inter-Regulatory Forum (IRF) has been established in August 2012 as approved by the FSDC Sub Committee in its 6th meeting held in 19th March 2012 under the aegis of Sub-Committee of FSDC as a college of domestic financial sectoral supervisors (RBI, SEBI, IRDA and PFRDA) for strengthening the supervision of FCs and assessing risks to systemic stability arising from the activities of the FCs. A Joint MOU for supervisory cooperation has been signed on March 5, 2013 by RBI, SEBI, IRDA and PFRDA) to collaborate, co-operate, share information, coordinate on-site examinations, consult on matters of mutual supervisory /regulatory interests and to undertake assessment of systemic risk arising from the activities of FCs as a part of the FC monitoring framework under the IRF ambit. The MOU is a statement of intent by the Authorities to collaborate, co-operate, share information, coordinate on-site examinations, and consult on matters of mutual supervisory /regulatory interests and to undertake assessment of systemic risk arising from the activities of Financial Conglomerates (FC), as a part of the FC monitoring framework. In India, FC is a Group which has significant presence in at least two financial market segments (Banking, Capital Market, Insurance, Pension, Non-Banking Finance) regulated by more than one of the Authorities/Regulators or otherwise so identified due to its significance to the financial system. Each Authorities/ Regulators would endeavour and co-operate to share and reciprocate information relating to the analysis of the financial condition, risk management systems, internal controls, capital base, and liquidity and funding resources of the Financial Conglomerate under its respective supervisory jurisdiction. Financial Stability Development Council (FSDC) was established to institutionalize and strengthen the mechanisms for maintaining financial stability, financial sector development without prejudice to the existing mandates and autonomy of the regulators.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http:// http://pib.nic.in/newsite/PrintRelease.aspx?relid=175046 https://rbi.org.in/Scripts/BS_Press Release Display.aspx?prid=37905 https://rbi.org.in/Scripts/BS_Press ReleaseDisplay.aspx?prid=39074 http://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/IEPR155FDS0714.pdf http://finmin.nic.in/fsdc/StrucFSDC.pdf http://pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=353

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

G20/FSB Recommendations

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

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

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

Remarks

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

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

See, for reference, the following documents:

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
February 5, 2015

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
In First Bi-Monthly Monetary Policy Statements of the RBI for 2015-16, it was announced that after carrying out empirical study using the Countercyclical Capital Buffer (CCCB) indicators, imposition of CCCB for banks in India was not required. Similarly, in the First Bi-Monthly Monetary Policy Statements of the RBI for 2016-17 and 2017-18, it was communicated that review and empirical testing of CCCB indicators did not warrant activation of CCCB at this point of time. The same was reiterated during the First Bi-Monthly Policy Statement of the RBI for 2018-19. RBI has been traditionally using various kinds of macro prudential tools, more specifically the countercyclical tools without ever calling them so, to safeguard the banking sector from excessive credit exuberance in certain sensitive segments and reduce interconnectedness among banks. In this context, the monetary and countercyclical measures have always been complementary. During the period from 2004 to 2009, the monetary tightening and easing phase corresponds respectively to increase in sectoral capital and provisioning requirements and easing of these requirements. During 2004-08, the Indian economy exhibited high real GDP growth of around 9 % resulting in sharp increase in asset prices and fuelling inflationary expectations. Consequently, the repo rate was increased in phases from 6 % in September 2004 to 9 % in August 2008. This period also saw an increase of 450 basis points in the cash reserve ratio, from 4.5 % in 2004 to 9 % in 2008. During the same time, risk weight on banks exposure to commercial real estate was increased by up to 150 % in May 2006. Risk weight on CRE was brought down to 100% in November 2008 In June 2013, a new sub-sector CRE-Residential Housing (RH) was carved out from CRE with a lower RW of 75%. LTV ratio for housing loans has also been used as a macro-prudential tool by RBI, with high LTV ratio for low cost houses and low LTV ratio for high cost houses in order to ensure adequate margins of home buyers. The recent such review took place in October 2015 and June 2017. Risk weight on exposure to other sensitive sectors, like capital market, retail housing loans also saw similar increases. The provisions for standard assets were also revised upwards progressively in November 2005, May 2006 and January 2007, in view of the continued high credit growth in the real estate sector, personal loans, credit cards receivables, loans and advances qualifying as capital market exposures and loans and advances to the NBFCs. As a countercyclical measure, the LTV ratios, risk weight and standard asset provisioning rate for individual housing loans was revised on June 07, 2017. The impact of macroeconomic indicators on insurance sector is examined on periodic basis by Financial Stability Report, published annually w.e.f June 2018, which was being published half yearly till December 2017. In addition to the above, IRDAI is also a member of Early Warning Group formed under the aegis of FSDC in which likely impact of Macro Economic factors on the financial sector is discussed. In the 19th meeting of FSDC-SC held on April 17, 2017, it was decided that the macro prudential policies as well as tools framed / identified by each regulator may be brought to the FSDC-SC for finalization. FSDC-SC may act as the authority for finalizing the broad based macro prudential policies for the system as a whole. FSDC may be apprised periodically in the matter. Issues, if any, due to overlapping of regulatory domain might be dealt with by the Inter Regulatory Technical Group (IRTG) which was a sub-group of FSDC-SC with participation from all the regulators. Implementation of the macro-prudential policies / tools will be undertaken by the concerned regulator and the action taken in this regard will be reported to FSDC-SC. In the pension sector, for macro prudential oversight, the PFRDA has formulated regulations in respect of Pension Funds, National Pension Trust, Trustee Bank, Central Recordkeeping Agency, Custodian of securities, Aggregators, Point of Presence, Redressal of subscribers grievances, Exit and retirement advisor etc. While framing all these regulations, the interest of subscribers has been the top most priority. The PFRDA also lays down the investments guidelines to guide the pension funds to manage the contributions of the subscribers. The investment guidelines set the prudential and exposure limits on each of the assets classes based on the potential risk associated with these asset classes and instruments therein. For private sector subscribers who are not willing or unable to make a choice, Moderate Life Cycle fund (i.e. LC 50) with a premise of "reducing risk appetite with increasing age" has been provided as a default option. The Pension funds are mandated to invest in share of listed companies having market capitalisation more than Rs. 5000 crores and have derivatives on the exchange, to guard against any kind of illiquidity. The Pension funds are allowed to trade in Corporate bonds that are listed or proposed to be listed only. Investments can be made only in those Corporate bonds that have a minimum of A rating and rated by minimum of two credit rating agencies. Further, prudential Guidelines of recognition and provisioning of Non Performing investments have been set up. The investment of funds is kept diversified with limits on exposure to a single group or related group, industry, instrument etc. Prudent regulations ensure that a healthy ecosystem is developed which is sustainable and systemically stable. The Regulations for the pension funds provide for a Corporate Governance framework which provides for an institutionalized and transparent decision making in the interest of subscribers, under the overall supervision of the respective Boards. Additionally, PF regulations also provides for risk management committee and investment committee of Pension Funds in order to ensure robust risk management framework and informed investment decision at Pension Fund level. Further, public disclosures prescribed in regulations ensure greater transparency. Other actions: SEBI has developed a Systemic Risk Monitoring Template (SRMT), which consists a number of indicators relating to various segments of securities market as well as the economy. The same is reviewed periodically to keep it contemporary and relevant. Some of the indicators incorporated to the Template, subsequent to the last review are Comparison of Average Monthly Return of Major Indian Indices with International Indices, Comparison of change in P/E ratio of Major Indian Indices - Domestic and International, Monthly Average Movement of Rupee, Open Interest as a percentage of Average Daily Turnover in all derivative segments, Exposure of Mutual Funds to downgraded corporate bonds as a share of Total Downgraded Debt, etc. The template is being reviewed again to make it more concise and effective. The Government has drawn out a draft Bill (Financial Resolution and Deposit Insurance Bill) for the resolution of financial firms. As per the proposed legislation, the resolution of all entities in the financial sector shall be handled by a specialized institution, if there is no scope or possibility of their restructuring and revival. The entities are classified as low, moderate, material, imminent and critical risk to viability. Entities designated as "critical risk" shall go into liquidation and the Resolution Corporation will be appointed as the receiver.

The IRDAI has constituted a Steering Committee to implement risk based capital in insurance sector in India. The committee aims to implement risk based capital from 2020-21.IRDAI reviews the accounting guidelines for insurance industry from time to time and issues new guidelines/ modifications as per requirements. The Accounting standards as issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Government are followed. Indian Accounting Standards (Ind AS) (the equivalent of IFRS) in Indian insurance sector shall be implemented effective FY 2020-21.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/IEPR155FDS0714.pdf http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30097

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

G20/FSB Recommendations

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

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

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

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

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

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

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

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

G20/FSB Recommendations

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

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

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

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

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

Remarks

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

Jurisdictions may refer to the following documents:

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.12.2012

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
i) Reserve Bank of Indias regulatory framework requires banks to have their own credit risk assessment framework for lending and investments decisions and not rely only on ratings assigned by Credit Rating Agencies. The adequacy and effectiveness of banks credit risk management framework, including aspects relating to credit assessment process and rating/grading, is one of the focus areas of the Reserve Banks Risk Based Supervision of banks. Further, adequate disclosure requirements are already in place. (ii) The Indian banking systems mandated reliance on external credit ratings is limited to capital adequacy computation for credit risk and specific market risk under Standardised Approach of Basel III. At present, all banks in India are under Standardised Approach. (iii) Basel Committee on Banking Supervision (BCBS) is working on various measures which seek to reduce the reliance on external ratings. While releasing the second consultative paper on the Revisions to the Standardised Approach for credit risk, BCBS acknowledged that it considered various alternatives to replace external ratings. Nonetheless, these alternatives would result in significant complexity or lack of comparability across banks. Therefore, taking a balance of all relevant objectives, the Committee proposes to maintain references to external ratings, where available and/or possible, but complementing its use with banks due diligence processes. The Committee also proposes to enhance the requirements surrounding the use of external ratings, to ensure that banks undertake their own due diligence and internal risk management and not rely mechanistically on external ratings for risk-weighting purposes. Hence, BCBS has decided to reintroduce the use of ratings, in a non-mechanistic manner, for exposures to banks and corporates. As and when the work is finalised, Reserve Bank of India would consider adopting the same for Indian banks. (iv) Further, certain major banks have applied for migration to the advanced approaches namely, Internal Rating Based (IRB) approach, towards computation of capital charge for credit risk under Basel II. RBI is presently carrying out model validation/ parallel run exercise for some select banks, based on their preparedness. It is expected that banks which satisfy with all IRB requirements under Basel II will be accredited to migrate to IRB approach, which may help in further reducing the reliance on external CRA ratings. SEBI has been identified as the lead regulator for the Implementation Group on Credit Rating Agencies (CRAs) to assess the position of compliance of regulatory framework in the country vis-à-vis the FSB principles for reducing reliance on CRA ratings. The Group had representatives from regulatory bodies of securities markets (SEBI), banking (RBI), insurance (IRDAI) and pension funds (PFRDA).It was concluded that though there were references to the use of CRA ratings in the regulations, the financial institutions are required to do their own due diligence prior to investment as specified in the Regulations. The ratings serve as a supplementary input for risk assessment and hence there is no mechanistic reliance on ratings by the institutions. - SEBI has reviewed the guidelines for valuation of securities for mutual funds and introduced the ˆPrinciples of Fair Valuation. Earlier for valuation of Non-Traded debt securities, the valuation matrix provided by CRAs was required. The investment managers have now been given flexibility to value such securities by applying principle of fair valuation and need not necessarily rely on the said matrix. - SEBI has made the IPO grading of equity issues by the CRAs "voluntary" as against the earlier provision of the same being "mandatory". - SEBI Mutual Funds Regulations require the asset management company (AMC) to exercise due diligence and care in all its investment decisions. Further, Trustees and the AMC are required to render high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment at all times. Also, SEBI has prescribed risk management manual for mutual funds (MFs) which states that the MFs should have a dedicated research team and MFs should hire qualified and experienced portfolio managers, research analysts and dealers with adequate experience in the industry. The fund management and research teams should have access to research from multiple sources, both internal and external. Thus, the Regulations encourage mutual funds not to completely rely on rating agencies and have their own systems to check credit assessments In order to ensure that MFs / AMCs are able to carry out their own credit assessment of assets and reduce reliance on credit rating agencies, all MFs/ AMCs are required to have an appropriate policy and system in place to conduct an in-house credit risk assessment / due diligence before investing in fixed income products. IRDAI (Investment) Regulations, 2016 contain provisions wherein the reference of ratings is made for qualifying investments in assets/instruments/corporate bonds or debentures, etc. as approved investments. Though the insurance regulations refer to CRA ratings in its regulations, the rating criteria in the existing regulatory framework also, do not apply to the investments in following instruments: i.) Mandatory Investment in Securities issued by Government. (Sec. 27 (1) of Insurance Act,1938) ii.) Investment in debentures secured by a first charge on any immoveable property plant or equipment of any company which has paid interest in full. iii.) Investment in such debentures which have the charge on assets and the value of such assets should be more than 3 times of the value of debentures issued. iv.) Debentures secured by a floating charge on all its assets of any company which has paid dividends on its equity shares. v.) Investment in shares which have the prescribed dividend track record. Where Rating is required, the Regulation also place the responsibility of due diligence as under: "Note No. 9 to the Regulations 4 to 8 of IRDAI (Investment) Regulations, 2016 emphasised that rating should not replace appropriate risk analysis and management on the part of the Insurer. The Insurer should conduct risk analysis commensurate with complexity of the product." Thus, the insurers are expected to do their due diligence prior to investment and there is no mechanistic reliance on CRAs. PFs under NPS are advised to undertake in house research before making an investment decision. Under the PFRDA Investment Guidelines, the minimum credit rating requirements apply to corporate bonds and alternative assets like mortgage based securities, asset backed securities, units issued by REITs, units issued by IITs and investment in ˆAlternative Investment Funds (category I and II only) however it does not apply to securities issued by Government.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://rbi.org.in/Scripts/NotificationUser.aspx?Id=906&Mode=0 https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9904

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 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

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: short description of the content of the legislation/regulation/guideline/other actions
India has made a commitment to converge to IFRS. The Union Finance Minister highlighted the need to implement accounting standards based on IFRS in his Budget announcement for 2014-15, declaring that corporates (other than banks, insurance and non-banking finance companies) would mandatorily require to migrate to IFRS converged Indian Accounting Standards from April 1, 2016 onwards. The Ministry of Corporate Affairs, Government of India, notified roadmap for implementation of IFRS converged Indian Accounting Standards (Ind AS) for certain class of companies in February 2015 for convergence form financial year 2016-17 onwards mandatorily. In respect of banks and non-banking finance companies (NBFCs), the convergence will be from the Financial Year 2018-19 onwards. At present the banks in our jurisdiction are required to follow Indian GAAP (Accounting Standards) supplemented by Reserve Bank guidelines issued from time to time. The Reserve Bank of India issued directions to scheduled commercial banks on February 11, 2016 advising Scheduled Commercial Bank to comply with the Ind AS for financial statements for accounting periods beginning from April 01, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. However, it was decided to defer implementation of Ind AS for banks till the time the necessary legislative changes are under consideration. However, listed Non-Banking Financial Companies (NBFCs) and other NBFCs having net worth of Rs. 250 crore or more are required to prepare their financial statements as per Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015. The RBI had set up a Working Group on implementation of Ind AS for banks in India to look into implementation issues for banks. The Report of the Working Group is available on website www.rbi.org.in. The Report, inter alia, contains recommendations on implementation of the expected credit loss model by banks. While matters concerning audit and accounts are primarily contained in the Companies Act, 2013, SEBI has, to ensure that the shareholders in listed entities are regularly kept abreast of the financial information of companies in which they have invested, prescribed certain stipulations in the erstwhile Listing Agreement presently (Listing Regulations) supplied with. Accounting Standards: For financial statements to have a true and fair view, it is essential that the statements are prepared in accordance with Indias accounting standards. A committee named as SEBI Committee on Disclosures and Accounting Standards (SCODA) has been constituted to ensure smooth implementation of accounting standards, statements, guidance notes and studies evolved by the Institute of Chartered Accountants of India (ICAI) to the extent that it pertains to disclosures in the Capital Market documents and for disclosures related to Intermediaries. This committee further suggests how to coordinate between SEBI and ICAI, such as by constituting study teams for providing inputs to Accounting Standards Board (ASB) of ICAI and providing inputs to ICAI for evolving new accounting standards and reviewing the existing accounting standards. The following provisions of the SEBI (Listing and Disclosure Obligations Requirements) provide for compliance with accounting standards by listed entities: Regulations 4. (1) (a) and (b) of the SEBI (Listing and Disclosure Obligations Requirements) state: (a) "The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles: (a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure." (b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor. Regulation 4 (1) (e) states: (e) Disclosure and transparency: The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner: (i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure....." The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India: Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board. Regulation 48 of the LODR states: Accounting Standards. "48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time." Further, for facilitating smooth transition to Ind AS, SEBI has provided certain relaxation to listed entities companies with respect to timeline for submission of quarterly financial statements and disclosure of Ind AS compliant comparatives during the first year of implementation vide circular dated July 5, 2016. SEBI (Issue of Capital & Disclosure) Requirements, 2018 ("ICDR Regulations provide that an Issuer Company making an initial public offer shall ensure that the applicable accounting standards have been followed and that the financial statements as given in the offer documents, present a true and fair view of the firms accounts. The procedural requirements related to financial disclosures are provided for in Schedule VI of the ICDR Regulations. The issuer shall present the financial information in terms of applicable Indian Accounting Standards or Indian GAAP, as is applicable to it. Such consolidated financial statements should be audited and certified by the statutory auditor(s) who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI). Further, ICAI also releases Guidance note on Reports in Company Prospectuses in terms of the ICDR Regulations from time to time, so that the financial information required to be given in Offer documents is in terms of the applicable accounting standards. Under Part B of Schedule II read with Regulation 17(8) of the LODR, the chief executive officer and chief financial officer of the company shall, furnish a compliance certificate indicating, inter-alia, that they have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief these statements together present a true and fair view of the listed entityˆs affairs and are in compliance with existing accounting standards, applicable laws and regulations. IRDAI reviews the accounting guidelines for insurance industry from time to time and issues new guidelines/ modifications as per requirements. The Accounting standards as issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Government are followed. As per the roadmap for implementation of Indian Accounting Standards (Ind AS) (the equivalent of IFRS) in Indian insurance sector, converged IFRS was to be implemented from FY 2018-19 with one-year comparatives.

However, the developments around release of IFRS 17 by IASB in the month of May 2017 have resulted in the IRDAI reviewing the position in the matter of Implementation of Ind AS in the insurance sector in India and the same has been deferred.

In order to prepare industry towards implementation of Ind As, the Authority has taken various steps including formation of Working Group for Implementation of Ind As, mandating Quarterly Proforma Reporting and co-ordination with ICAI and other concerned agencies etc. It may be noted that IASB has deferred the implementation of IFRS 17 for one more year and an exposure draft for carrying out amendment in IFRS 17 has been issued.

IASB has further carried out amendments to IFRS 17. On 25th June 2020, IASB issued amendments to IFRS 17 and effective date of implementation was deferred further by one more year ie., 1st January 2023.

Accordingly, IRDAI has decided, inter alia:
(i)Implementation of Ind AS 109 and IFRS 17 equivalent in India simultaneously, along with other applicable Ind AS;
(ii)Ind-As in insurance sector in India be implemented after a gap of at least one year and preferably after a gap of two years from the date of global implementation of IFRS 17 subject to prior implementation of Ind-As in the banking sector;

The Pension Funds operating under NPS architecture are governed and regulated by the Pension Fund Regulatory and Development Authority (PFRDA) (Pension Fund) Regulations, 2015. Regulation 19 and schedule VII of the said regulation provides for the accounting standards required to be complied by the Pension Funds. The Accounting standards as issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Government are followed. Pension Funds are also advised to comply with the companies (Indian Accounting Standards) Rules 2015, as notified by Ministry of Corporate Affairs as amended from time to time and the pension funds that are subsidiaries of the AMCs have also been advised to follow the IFRS accounting principles, if so required under the SEBI guidelines."
Majority of the Pension Funds have adopted Indian Accounting Standards (IND-AS) for the rest Pension Funds are being advised to comply with the same at the earliest.

The International Financial Services Centres Authority (IFSCA) has been established under the International Financial Services Centres Authority Act, 2019 (IFSCA Act, 2019) passed by the parliament of India. The IFSCA has been mandated to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres (IFSCs) set up in India under section 18 of the Special Economic Zones Act, 2005. The Regulatory Powers in relation to financial products, financial services and financial institutions in International Financial Service Centres (IFSC) has been taken over by IFSCA from the domestic financial sector regulators in India viz. RBI, SEBI, IRDAI, PFRDA, with effect from October 1, 2020.

By exercising the powers conferred by IFSCA Act, 2019, the IFSCA has prescribed the International Financial Services Centres Authority Regulations, 2020 (IBR) for banking and investment activities in IFSCs. Under the IFSCA (Banking) Regulations, 2020, the IBUs were required to follow the accounting standards, prudential requirements prescribed by the Reserve Bank of India unless specified otherwise by the IFSCA. The above Regulations were amended and under the IFSC (Banking) (Second Amendment) Regulations,2021, notified on July 6, 2021,IFSC Banking Units (IBUs) are required to comply with the directions and instructions issued by their Home Regulator for matters related to prudential requirements, unless otherwise specified by the Authority. Under Regulation 4 of the IFSC (Banking) (Second Amendment)Regulations, 2021, IFSCA has issued Directions to all the IBUs to adopt IFRS accounting standards developed by the International Accounting Standards Board (IASB) for preparing and maintaining its financial statements on standalone basis and for the purpose of reporting and compliance under the relevant IFSCA regulations, rules, directions, circulars and guidelines applicable for IBUs.The implementation of IFRS is likely to impact the extant financial reporting systems and processes of IBUs, especially in the cases where their parent banks are not following the IFRS or IFRS-compliant accounting standards. Thus, the IBUs have been advised to carry out a detailed assessment of the likely impact and ensure a smooth transition to the IFRS, as applicable IBUs whose parent banks are following the IFRS are advised to continue to prepare and maintain their standalone financial statements also as per the IFRS, for the purposes of reporting and other compliance with the IFSCA regulations, rules, directions, circulars, guidelines and prepare their standalone financial statements from the beginning of the quarter / half-year starting from October 1, 2021, if not being done from the previous periods. Further, the IBUs whose parent banks are following accounting standards other than the IFRS are advised to prepare and maintain their standalone financial statements and comply with the reporting and other requirements under IFSCA regulations, rules, directions, circulars, guidelines, as per the IFRS, beginning from the financial year (accounting period) starting from April 1, 2022 onwards.

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

Update and next steps: highlight main developments since 2019 survey
The Regulatory Powers in relation to financial products, financial services and financial institutions in International Financial Services Centre (IFSC) has been taken over by IFSCA from the domestic financial sector regulators in India viz. RBI, SEBI, IRDAI, PFRDA, with effect from October 1, 2020

Update and next steps: planned actions (if any) and expected commencement date
Insurance sector is given a road map to implement Indian Accounting Standards (Ind AS) (equivalent of IFRS) effective from financial year 2018-19 with one year comparatives. IRDAI had constituted an Implementation Group to examine the implications of implementing Ind AS, address the implementation issues and facilitate formulation of operational guidelines to converge with Ind AS in the Indian Insurance sector. The working group / subgroups consist of Accountants, Actuaries, Industry Experts, Representative of ICAI and IAI etc. The Group has submitted the report along with formats for preparation of Ind AS compliant financial statements. The Group has submitted the report along with formats for preparation of Ind AS compliant financial statements. On 18 May 2017, the IASB issued the comprehensive international standard on insurance or IFRS 17- Insurance contracts with implementation date 01.01.2021. The release of IFRS 17 standard led IRDAI to review its position in the matter of implementation of Ind-AS in the insurance sector. Accordingly, the Authority deferred the effective date for implementation of Ind-AS accounting model in the insurance sector. IASB has further carried out amendments to IFRS 17. On 25th June 2020, IASB issued amendments to IFRS 17 and effective date of implementation was deferred further by one more year ie., 1st January 2023. Accordingly, the Authority has decided, inter alia: (iii)Implementation of Ind AS 109 and IFRS 17 equivalent in India simultaneously, along with other applicable Ind AS; (iv)Ind-As in insurance sector in India be implemented after a gap of at least one year and preferably after a gap of two years from the date of global implementation of IFRS 17 subject to prior implementation of Ind-As in the banking sector; The Reserve Bank of India issued directions to scheduled commercial banks on February 11, 2016 advising Scheduled Commercial Bank to comply with the Ind AS for financial statements for accounting periods beginning from April 01, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. However, it was decided to defer implementation of Ind AS for banks till the time the necessary legislative changes are under consideration.

Relevant web-links: please provide web-links to relevant documents
https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR264270719E5CB28249D7BCE07C5B3196C904.PDF http://www.sebi.gov.in/cms/sebi_data/attachdocs/1441284401427.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1459418165606.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1467712561526.pdf http://pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=711 http://pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=841 http://www.sebi.gov.in/cms/sebi_data/attachdocs/1477287349972.pdf https://ifsca.gov.in/Viewer/Index/3 https://ifsca.gov.in/Viewer/Index/116 https://ifsca.gov.in/Viewer/Index/194 https://ifsca.gov.in/Viewer/Index/206 https://ifsca.gov.in/Viewer/Index/93

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

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 or legislation approved

Progress to date: please provide a date for your “implementation ongoing” status
January 1, 2015 (in respect of LCR)

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: short description of the content of the legislation/regulation/guideline/other actions
During the year 2018-19 significant progress has been made towards implementation of the two Basel III Liquidity Ratios, viz., LCR(Liquidity Coverage Ratio) & NSFR(Net Stable Funding Ratio), in India. The LCR was made applicable to Indian banks in a phased-in manner and the banks are now required to maintain LCR of 100% from January 1, 2019. On April 17, 2020, in order to accommodate the burden on banks' cash flows on account of Covid 19 pandemic, the LCR requirements were reduced till April 1, 2021. (Till September 30, 2020 – 80%, From Oct 1 to March 31, 2021 -90% and April 01, 2021 onwards 100% was restored). The final NSFR guidelines were issued on May 17, 2018 and are applicable to all banks from October 01, 2021. Regulation 4 of the IFSC (Banking) Regulations, 2020 prescribe the Prudential norms to be followed by the IFSC Banking Units (IBUs).Under the above said Regulations, Directions/ Circulars have been issued to IBUs for compliance with prudential requirements. They areas under: i) Liquidity Coverage Ratio: LCR has been implemented for the IBUs in a phased manner and they are now required to maintain a LCR of 100% from April, 2021 onwards. ii) Net stable funding ratio (NSFR) is not applicable for the operations of IBUs as of now iii) Leverage ratio (LR)- LR for IBUs shall be maintained by the parent bank and at the level specified by the home regulator and subject to the regulations applicable to the parent bank. BUs are required to submit a quarterly certificate to this effect to the Authority signed by an authorised official of its parent bank. iv) IBUs are required to maintain Retail Deposit Reserve Ratio (RDRR) on daily basis at 3% of the deposits raised from Individuals, outstanding as on the end of the previous working day. RDRR may be maintained in any freely convertible foreign currency and in the form of balance the Nostro account of the BU or as holdings of sovereign debt securities (including T-bills) rated investment grade or above by at least two rating agencies of international standing. v) Under the IFSCA (Banking) Regulations, 2020, the Authority adopted directions/circulars/guidelines issued by the Reserve Bank of India under various statutes which inter alia included RBI's circular on Basel III Capital Regulations dated July 1, 2015 (as amended), Exposure Norms dated July 1,2015 (as amended) and Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1,2015 (as amended). These directions/ circular on prudential norms were implemented from 4.12.2020 onwards. vi) Further the amended regulations- IFSCA (Banking) (Second Amendment) Regulations, 2021 notified on 6,7.2021 prescribes that an IBU shall continue to comply with the directions and instructions on Prudential Norms issued by their respective Home Regulators, unless otherwise specified by the Authority.

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

Update and next steps: highlight main developments since 2019 survey
The LCR was introduced in phased manner for Indian banks and they are now required to maintain LCR of 100% from January 1, 2019. RBI allowed banks to reckon government securities within the mandatory SLR requirement as Level 1 HQLAs up to limit specified by the RBI from time to time, under a facility called 'Facility to Avail Liquidity for Liquidity Coverage Ratio' (FALLCR). For the purpose of computing the LCR, such reckoned government securities within the mandatory SLR requirement should be valued at an amount no greater than their current market value (irrespective of the category of holding the security, i.e., Held to Maturity (HTM), Available for Sale (AFS), or Held for Trading (HFT)).The assets allowed as Level 1 High Quality Liquid Assets (HQLAs), inter alia, includes among others within the mandatory SLR requirement, Government securities to the extent allowed by RBI under (i) Marginal Standing Facility (MSF) and (ii) Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) [15 per cent of the banks NDTL with effect from April 1, 2020]. At SLR of 18 per cent of NDTL from April 11, 2020, and with increase in MSF from 2 per cent to 3 per cent of the banks' NDTL (with effect from March 27, 2020 and applicable upto December 31, 2021), entire SLR-eligible assets held by banks are now permitted to be reckoned as HQLAs for meeting LCR. On April 17, 2020, in order to accommodate the burden on banks' cash flows on account of Covid 19 pandemic, the LCR requirements were reduced till April 1, 2021. (Till September 30, 2020 – 80%, From Oct 1 to March 31, 2021 -90% and April 01, 2021 onwards 100% was restored). The final NSFR guidelines were issued on May 17, 2018 and are applicable to all banks from October 01, 2021. The Regulatory Powers in relation to financial products, financial services and financial institutions in International Financial Service Centre (IFSC) has been taken over by IFSCA from the domestic financial sector regulators in India viz. RBI, SEBI, IRDAI, PFRDA, with effect from October 1, 2020

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

Relevant web-links: please provide web-links to relevant documents
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12025&Mode=0 https://rbi.org.in/scripts/NotificationUser.aspx?Id=7680&Mode=0 https://rbi.org.in/scripts/NotificationUser.aspx?Id=8934&Mode=0 https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9631&Mode=0 https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10309&Mode=0 https://rbi.org.in/SCRIPTS/bs_viewcontent.aspx?Id=3013 https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11278&Mode=0 https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=11423&fn=2&Mode=0 https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11380&Mode=0 https://ifsca.gov.in/Viewer/Index/3 https://ifsca.gov.in/Viewer/Index/93 https://ifsca.gov.in/Viewer/Index/116 https://ifsca.gov.in/Viewer/Index/206 https://ifsca.gov.in/Viewer/Index/194 https://ifsca.gov.in/Viewer/Index/125 https://ifsca.gov.in/Viewer/Index/118 https://ifsca.gov.in/Viewer/Index/93 https://ifsca.gov.in/Viewer/Index/206 https://ifsca.gov.in/Viewer/Index/3 https://ifsca.gov.in/Viewer/Index/116

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

G20/FSB Recommendations

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

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

Remarks

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

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
Basel III implemented from April 1, 2013

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: 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
Scheduled commercial banks in India are subject to Pillar III disclosure requirements in line with the standards issued by the Basel Committee on Banking Supervision as part of Basel II, Basel 2.5 and Basel III framework. These disclosures are an effective means of informing the market about a banks exposure to risks and provide a consistent and comprehensive disclosure framework that enhances comparability. In terms of SEBI (Mutual Fund) Regulations, 1996, and SEBI master circular no. SEBI /HO/IMD/DF3/CIR/P/2016/84, dated September 14, 2016, disclosures are made in the Scheme Information Document (SID) relating to the financial instruments in which schemes invests. Risk associated with such instruments and risk mitigation measures are also disclosed in SID. (IFRS 7) In terms of Eighth Schedule of SEBI (Mutual Fund) Regulations, 1996, the valuation of investments of the schemes is done by applying fair value principles. (IFRS 13) Enhanced risk disclosures by financial institutions. There are certain requirements for disclosures on risk by listed entities as mentioned in the SEBI Listing and Disclosure Obligations (LODR Regulations, 2015). The LODR would apply to all listed entities, including financial institutions. The major provisions are as follows: Presently, as per Schedule V of the SEBI Listing and Disclosure Obligations, the following information should be disclosed in the Annual Report as part of corporate governance: Management Discussion and Analysis: 1. This section shall include discussion on the following matters within the limits set by the listed entitys competitive position: (a) Industry structure and developments. (b) Opportunities and Threats. (c) Segment-wise or product-wise performance. (d) Outlook (e) Risks and concerns. (f) Internal control systems and their adequacy. (g) Discussion on financial performance with respect. Further, Regulation 21 of the SEBI Listing and Disclosure Obligations requires that a risk management committee be formed by the company. Risk Management Committee: (1)The board of directors shall constitute a Risk Management Committee. (2) The majority of members of Risk Management Committee shall consist of members of the board of directors. (3) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee. (4) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit. (5) The provisions of this regulation shall be applicable to top 100 listed entities, determined on the basis of market capitalization. One of the key functions of the Board of directors of a listed entity, as per Regulation 4 (2) (f) (ii) (1) of the SEBI Listing and Disclosure Obligations is "reviewing and guiding corporate strategy, major plans of action, risk policy...". Regulation 17 (9) (a) states that the listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures. Part A of Schedule II read with regulation 17 (7) of the LODR requires that the minimum information that is required to be placed before the board of directors of a listed company includes Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material. The LODR also mandates that where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the managementˆs explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction. Regulation 34(3) read with clause 9(n) of Part C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates listed entities to make disclosure regarding commodity price risk and hedging activities in the Corporate Governance Report of the Annual Report of a listed entity. In order to benefit the shareholders and to bring further clarity in disclosures to be made in the annual reports by the listed companies, the Corporate Governance Committee formed under the Chairmanship of Shri Uday Kotak inter alia, in its report to SEBI dated October 5, 2017 recommended the following: a). The listed entities should disclose their risk management activities during the year, including their commodity hedging positions in a more transparent, detailed and uniform manner for easy understanding and appreciation by the shareholders; b)For the consistent implementation of the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, regarding disclosure of commodity risks and other hedging activities across listed companies, a detailed format along with the periodicity of the disclosures may be outlined by SEBI which would depict the commodity risks they face, how these are managed and also the policy for hedging commodity risk, etc. followed by the company for the purpose of disclosures in the annual report. The format for such disclosure is being prescribed by SEBI. For the pension sector in clause 4.12 of Investment Management Agreement (IMA) and regulations no. 6 and schedule V of PFRDA (Pension Fund) Regulations 2015, detailed public disclosure requirements have been laid down which includes daily and historical NAV upload, portfolio disclosures, financial statements, annual reports, scheme wise fees etc.

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
http://www.sebi.gov.in/cms/sebi_data/commondocs/mutualfundupdated06may2014.pdf SEBI master circular no. SEBI /HO/IMD/DF3/CIR/P/2016/84, dated September 14, 2016, http://www.sebi.gov.in/cms/sebi_data/attachdocs/1473853843227.pdf

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

G20/FSB Recommendations

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

Remarks

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

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

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

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

Progress to date:
Implementation completed

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

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

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

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: short description of the content of the legislation/regulation/guideline/other actions
In India, there exists a sound deposit arrangement already in place. In India, Deposit Insurance Corporation (DIC) was established through the Deposit Insurance Act, 1961 which came into force on January 1, 1962. With a view to integrating the functions of deposit insurance and credit guarantee, the Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence on July 15, 1978. (Source: https://www.dicgc.org.in).

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 draft Financial Resolution and Deposit Insurance Bill 2017 envisaged the risk categorisation of banks. The risk based premium will be considered after the formation of Resolution Corporation (RC).

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:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
03.03.2012

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: 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
Market participants in Indian securities market are permitted to use Algorithmic Trading (and High Frequency Trading) to trade. Dark pools do not exist in Indian securities market. The details of the regulatory framework is placed below: The provisions on Algoritmic Trading inter alia include norms pertaining to broker level risk controls, colocation, pre-trade risk controls, price bands, circuit breaker and risk management measures. The prudential investment guidelines prescribed by PFRDA have been framed with the objective of efficient allocation of contribution of the subscribers for garnering optimum returns for them and also channelizing the funds into desired sectors like infrastructure.

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
https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/jun-2017/1497409353676.pdf#page=1&zoom=auto,-29,792 https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/oct-2017/1509447152627.pdf#page=1&zoom=auto,-28,842 https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/oct-2017/1509266724602.pdf#page=1&zoom=auto,-29,639 https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/oct-2017/1509031551900.pdf#page=1&zoom=auto,-29,792 https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/nov-2017/1510912009985.pdf#page=1&zoom=auto,-29,792

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
28.09.2015

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
In India, Commodity Derivatives are traded on recognised Exchanges. Earlier these Exchanges were regulated by Forward Market Commission (FMC). Post-merger, effective from September 28, 2015, commodity derivatives and commodity derivatives Exchanges have come under the purview of Securities Contracts Regulation Act (SCRA), 1956. Registration of members:Any entity desirous of becoming a member of any commodity derivatives exchange(s), on or after September 28, 2015, shall have to meet the eligibility criteria to become a member of an exchange and conditions of registration, as specified in Securities Contracts (Regulation) Rules (SCRR) and SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 respectively, at the time of making the application of registration. Rule 8 of SCRR provides for the constitution types who are eligible to be registered as members, minimum of directors who must satisfy the requirements for experience, etc. Inspection of the books of accounts of the Members of the National Exchanges SEBI conducts inspection of members of Commodity Exchanges to examine whether the member has complied with the Rules, Regulations, Business Rules, Bye-laws, and directions of SEBI and Exchanges. Selection of the members are done on the basis of various of criteria like turnover, no. of complaints, no. of active clients, no. of margin defaults, etc.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://www.sebi.gov.in/legal/regulations/jun-2017/securities-contracts-regulation-stock-exchanges-and-clearing-corporations-regulations-2012-last-amended-on-april-02-2018-_35129.html https://www.sebi.gov.in/media/press-releases/dec-2017/sebi-board-meeting_37183.html https://www.sebi.gov.in/legal/circulars/jun-2017/participation-of-category-iii-alternative-investment-funds-aifs-in-the-commodity-derivatives-market_35146.html https://www.sebi.gov.in/legal/circulars/jun-2017/options-on-commodity-futures-product-design-and-risk-management-framework_35096.html https://www.sebi.gov.in/legal/circulars/jul-2017/position-limits-for-agricultural-commodity-derivatives_35422.html https://www.sebi.gov.in/legal/circulars/oct-2017/criteria-for-settlement-mode-of-commodity-derivative-contracts_36281.html https://www.sebi.gov.in/legal/circulars/mar-2018/risk-management-norms-for-commodity-derivatives_38334.html https://www.sebi.gov.in/legal/circulars/oct-2018/participation-of-eligible-foreign-entities-efes-in-the-commodity-derivatives-market_40649.html

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

G20/FSB Recommendations

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

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

X22: Enhancing financial consumer protection - Enhancing financial consumer protection

G20/FSB Recommendations

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

Remarks

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

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
March 31, 2014 (Banks). Investor protection has been SEBIs mandate since its inception in 1992. Scores was started in June 2011

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
RBI introduced Banking Ombudsman Scheme under the Banking Regulation Act 1949 as an Alternate Dispute Redress Mechanism which is a cost free mechanism and envisages minimal formalities for filing complaints by customers regarding deficiencies in banking services. It has established 21 offices of Banking Ombudsmen covering all States and Union Territories. Customers can lodge their complaints by post, e-mail or by accessing the RBI website. In February 2018, the RBI has implemented Ombudsman Scheme for Non-Banking Financial Companies as a cost free Alternate Disputes Redressal Mechanism for customers of Non-Banking Financial Companies. It has set up four offices of NBFC Ombudsman at four metro centres to handle complaints from NBFC customers. The RBI has set up Banking Codes and Standards Board of India (BCSBI) as an autonomous body which sets out minimum standards for banking services in India for individual customers and Micro and Small Enterprises. The BCSBI also undertakes annual rating of banks in terms of the measures taken by them for consumer protection and places the ratings in public domain. RBI has set up Consumer Education and Protection Department to monitor customer service in banking industry. The department is also tasked with imparting consumer education especially oriented at creating awareness about Banking Ombudsman Scheme and fictitious offers of money through emails/SMSs and other modes of communications. For handling of complaints against other RBI regulated entities and those complaints which are not covered under Banking Ombudsman Scheme, RBI has opened Consumer Education and Protection Cells at its 31 Regional Offices. RBI has formulated and released the Charter of Customer Rights in December 2014 which enshrines broad, overarching principles for protection of bank customers and enunciates the ˆfive basic rights of bank customers. These are: (i) Right to Fair Treatment; (ii) Right to Transparency; Fair and Honest Dealing; (iii) Right to Suitability; (iv) Right to Privacy; and (v) Right to Grievance Redress and Compensation. To strengthen the grievance redressal mechanism of banks RBI had directed all Public Sector banks and major Private Sector and Foreign banks to appoint Internal Ombudsman. The concerned banks have appointed Internal Ombudsmen. RBI has issued an updated Master Circular on Customer Service and placed on its website. This is a compendium of all instructions/guidelines issued to banks on various customer service issues. RBI has also placed on its website, FAQs on various important subjects of customer interests. RBI conducted an advertisement campaign in print media, TV and on radio, and also released pan India SMS campaign, cautioning public about fictitious offers of money, precautions to be taken in electronic banking transactions etc. As per the SEBI Act, 1992, the prime mandate of SEBI is "to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto investor protection". Under the said Act, chapter IV which lists the powers and functions of the Board includes Investor education and awareness as one of the measure to achieve its mandate. Section 11 (1) & Section 11 (2) (f) of the SEBI Act, 1992 states that it is the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by measures as it thinks fit and measures for doing the same may include conducting activities for promoting investors education and training of intermediaries of securities markets. There is a dedicated Department at SEBI catering to the Grievance Redressal and Investor Education and Awareness activities (Office of Investor Assistance and Education). Local offices of SEBI at various state capitals have also been opened to cater to the same. In June 2011, SEBI commenced a new web based grievance redressal system called SEBI Complaint Redress System (SCORES) which provides 24 x 7 online access to investors. In the new system, all the activities starting from lodging of a complaint till its closure by SEBI is online in an automated environment and the status of every complaint can be viewed online in the above website at any time. In addition to redressal of complaints, various educational and awareness activities are also undertaken for investor education and financial education. To fulfil the motive of imparting Investor education SEBI is involved with carrying out various investor awareness activities like: a) operating a dedicated website for investors; b) Conducting a large format of programs called Regional Seminars with the help of exchanges, depositories, Association for Mutual Funds of India (AMFI), commodities derivatives exchanges, etc.; c) conducting Investor Awareness Programs through Investors Associations recognised by SEBI; d) participating in trade fairs, exhibitions etc. with footfalls of large crowds; e) participating in World Investor Week declared by IOSCO from October 1-7, 2018; f) developing a scheme for conducting awareness programs for farmers, processors, traders etc. with the motive of imparting knowledge about commodity derivatives trading. The organisation also provides Investor Assistance where investors queries are replied through various modes such as physical letters/ emails etc. So far thousands of such queries have been replied. Reaching out to the investors has further been deepened by carrying out Mass media Campaign in various regional languages focussing upon various topics including grievance redress mechanism, toll free number of SEBI, cautioning investors on CIS, Ponzi schemes, schemes offering unrealistic returns, hot investment tips etc. Mass media campaign on cautioning investors against "Hot investment tips" was conducted through various media channels like Print, TV, Digital, Youtube, radio and display of videos in cinema halls. To cater to the growing needs of providing financial education to different strata of society, the organisation is also conducting various Financial Education programs focusing upon different target groups such as Middle Income group/ executives/ home makers/ retirement planning/ self-help groups/ farmers etc. through Resource Persons (RPs). There are more than 1300 RPs empaneled with SEBI covering more than 570 districts across the country and so far have covered over 4.4 million individuals through their workshops. Efforts are continuously being made to cover more districts and individuals. Visit to SEBI programs at various offices of SEBI are being conducted by inviting students from different professional institutes/ colleges etc. So far, 2219 Visit to SEBI programs educating more than 91,000 participants have been conducted since its inception in 2010. During the World Investor Week (October 1- 7, 2018) (WIW) a total of 1583 Investor Awareness programs(regional seminars, investor association programs, Resource Personnel programs and Visit to SEBI programs) were held, attended by 67,118 participants. Additionally, over 478000 SMS and 9.9 million emails were sent during WIW. In the pension sector, all the Regulations under the PFRDA Act are Customer interest Centric and encompass measures for consumer protection, Further, a centralised grievance Redressal mechanism is already in place to deal with consumer grievances in NPS system in a time bound manner. Separate Grievance Redressal and regulations envisaging a 2 tier Grievance Redressal

mechanism for all intermediaries. Ombudsman (stipendiary) has been appointed. Office of the Designated Member has been created to handle appeals against the Ombudsmans award. PFRDA has also issued a circular regarding cyber security policy of the intermediaries registered with the Authority. It mandates the intermediaries to have a board approved cyber security policy in place keeping in consideration proper monitoring, reporting and responding to any cyber security threat or incident. Intermediaries have been advised to identify their critical information infrastructure which may be registered with National Critical Information Infrastructure Protection Centre (NCIIPC).

Legal, Regulatory and Supervisory Framework : In line with the G20 High-Level Principles, the following legal and Regulatory framework for the protection of policyholders is put in place by IRDAI

1. The IRDA Act 1999 has empowered the Authority with the powers to issue regulations and protect the interests of policyholders in the matters concerning assigning of policies, nomination by policyholders, settlement of insurance claim, surrender value etc. and it has also empowered IRDAI to specify the code of conduct, practical training for intermediaries and agents.
2. Vide section 34 of the Insurance Act,1938, the IRDAI is empowered to issue directions to any insurer i) To protect the public interest ii) To prevent the affairs of the insurer being conducted in a manner detrimental to interests of policyholders.

In addition to the above, the IRDAI has put also notified various regulations in order to protect the interests of policyholders, namely

1. IRDA (Advertisement and Disclosure) Regulations, 2000
2. IRDAI (Appointment of Insurance Agents) Regulations, 2015
3. IRDAI (Registration of Corporate Agents) Regulations, 2016
4. IRDAI (Insurance Brokers) Regulations, 2018
5. IRDAI (Web Aggregators) Regulations, 2013
6. IRDAI (Insurance Marketing Firms) Regulations, 2015
7. IRDA (Non-Linked Product) Regulations 2013
8. IRDA (Linked Product) Regulations 2013
9. IRDA (Health Insurance) Regulations 2016
10. IRDAI (Protection of Policyholders ˆInterests) Regulations,2017

Role of Oversight Bodies: The IRDAI is the supervisory body which monitors the functioning of grievance departments of insurers. It has in place a dedicated consumer affairs department to ensure proper offsite monitoring of grievances. The IRDAI has also conducted a periodical onsite inspection of insurers, during which the grievance systems of insurers are verified. The effectiveness of the mechanisms needs to be monitored by the Regulator. To enable this as well as to create a central repository of industry-wide insurance grievance data, IRDAI has implemented the Integrated Grievance Management System (IGMS). The Consumer Affairs Department also conducts a periodical review of grievance systems and issues necessary directions to the insurers from time to time so as to protect the interests of the policyholders.

Equitable and Fair Treatment of Consumers

The IRDAI (Protection of Policyholders ˆInterests) Regulations, 2017 lays emphasis on agents/intermediaries to advise the prospects dispassionately. The IRDAI Brokers Regulations, Corporate Agents Regulations, Web Aggregators Regulations, Insurance Marketing Firms Regulations referred above, mandate compliance of the agents, corporate agents, brokers and web-aggregators with the code of conduct prescribed therein to ensure that the persons soliciting insurance business should be eligible persons and they disseminate the requisite information in respect of insurance products offered for sale, understand the policy being sold and should be capable of making suitable advice based on the customer needs so that the policy offered/sold meets the requirements of the prospect. They are also required to provide after sales service like renewal, assistance in making claim etc.

Disclosure and Transparency

The IRDAI (protection of Policyholders ˆInterests) Regulations, 2017 prescribe that insurers, insurance intermediaries, and agents must ensure fair disclosure of information that is likely to be required by a consumer to make an informed transactional decision. The Regulations also prescribe that in cases where the prospect depends upon the advice of the insurer or his agent or an insurance intermediary; such a person must advise the prospect dispassionately. The regulations also mandate insurers to have in place board approved policy which shall also include steps to be taken to ensure that during policy solicitation and sale stages, the prospects are fully informed and made aware of the benefits of the product being sold vis-a-vis the product features attached thereto and the terms and conditions of the product so that the benefits/returns of the product are not misstated / misrepresented.

Financial Education and Awareness

The IRDAI (protection of Policyholders ˆInterests) Regulations,2017 mandates that all insurers shall have in place a board-approved policy which shall also include among other things, the steps to be taken for enhancing Insurance Awareness so as to educate prospects and policyholders about insurance products, benefits and their rights and responsibilities.

Responsible Business Conduct of Financial Services Providers and Authorised Agents & Protection of Consumer Assets against

Fraud and Misuse

With a view to ensuring proper business conduct and protecting the interests of policyholders, the IRDAI has taken a number of initiatives. The framework of regulations for an insurer or an agent or intermediary to protect the interests of prospects and policyholders are contained in the IRDAI (Protection of Policyholders Interests) Regulations, 2017. The Regulations contain a procedure to be followed at the point of sale and proposal stage, disclosures to be made in life insurance and general insurance policy document, claim procedure in respect of life insurance and general insurance policy and policy servicing.

IRDA (Advertisement and Disclosure) Regulations, 2000 and other guidelines relating to advertisements are aimed at ensuring that any communication (including those on the internet) which directly or indirectly result in eventual sale or solicitation of policy should not be unfair or misleading but should contain fair information to the customers about the product on offer so that the customer can make an informed decision about choosing the insurance product he is being offered.

Since insurance is a subject matter of solicitation, there are various kinds of persons or institutions involved in soliciting insurance. In order to ensure that only authorized persons or institutions engage in prospecting and sale of insurance products, IRDAI has issued regulations for appointment/registration. These regulations are IRDAI (Appointment of Insurance Agents) Regulations, 2015 for individual insurance agents, IRDAI (Licensing of Corporate Agents) Regulations, 2016 for corporate agents, IRDAI (Insurance Brokers) Regulations, 2018 for insurance broking companies and IRDAI (Web Aggregators) Regulations, 2017 for web-aggregators. These regulations mandate compliance of the agents, corporate agents, brokers and web-aggregators with the code of conduct prescribed therein to ensure that the persons soliciting insurance business should be eligible persons and they disseminate the requisite information in respect of insurance products offered for sale, understand the policy being sold and should be capable of making suitable advice based on the customer needs so that the policy offered/sold meets the requirements of the prospect. They are also required to provide after sales service like renewal, assistance in making claim etc.

With the increasing recourse taken by insurers, corporate agents and brokers to solicit policies (including lead generation) through modes like telecalling, SMS, email, internet, DTH, postal mail which does not involve communication in person but in distance mode, IRDAI issued Distance Marketing Guidelines. The requirements to be complied with at the time of offer, negotiation, and conclusion of sale are aimed at affording protection to prospects and policyholders taking recourse to distance marketing channels.

Since the benefit of insurance can be reaped only if appropriate products are sold, IRDAI has issued guidelines on File and Use of products both in life and non-life. In terms of these guidelines, every insurer is required to seek approval of products by making an application to IRDAI. Along with the application, the insurer should furnish Specimen Policy Bond, Specimen Proposal Forms, Specimen Sales Literature and statement of financial projections. A similar procedure has to be followed for change in terms and conditions. Even in case, an insurer wants to withdraw a product, it can do so only after informing IRDAI and giving reasons for withdrawal. These guidelines ensure that only approved products are sold to members of the public.
The IRDA (Non-Linked Product) Regulations 2013 and IRDA (Linked Product) Regulations 2013 governing non-linked and linked life insurance products respectively are aimed at ensuring consistency in terms of products and features offered by the insurers and bringing in transparency in terms of benefit payouts thereby enabling the customers to choose the right policy.

IRDAI (Health Insurance) Regulations 2016 lay greater emphasis on features of the product, a standard declaration in the proposal form, greater transparency and disclosures in sales literature and disclosures on the web portals to disseminate suitable information for decision making, etc. The guidelines on standardization in health insurance provide standardization of several aspects in health insurance such as definitions for commonly used terms in health policies, nomenclature and procedure for critical illness, pre-authorization and claim form, list of excluded expenses in hospitalization benefit policies, file and use application, customer information sheet, and agreement between insurer and Third party Administrator and insurer and provider (hospital). These guidelines prevent ambiguity and ensure greater consistency in interpretation, which is in the general interest of policyholders.

Protection of Consumer Data and Privacy: The IRDAI (Protection of policyholders Interest) Regulation, 2017 prescribe that the Insurers shall at all times maintain the total confidentiality of policyholder information unless it becomes necessary to disclose the information to statutory authorities due to the operation of any law.

Complaints Handling and Redress: In the insurance sector, IRDAI seeks to empower consumers by educating them regarding details of the procedures and mechanisms that are available for grievance redressal as well as their Rights and Obligations as policyholders. Policyholders shall be provided with inexpensive and speedy mechanisms for complaints disposal and the IRDAI (Protection of Policyholders Interests) Regulations, 2017 require insurance companies to have in place, effective and speedy grievance redress mechanisms. The Regulations prescribes insurers to lay down specific service level parameters as to render time-bound policy servicing. This will further strengthen the redressal systems of insurers. In order to create a central repository of industry-wide insurance grievance data, IRDAI has implemented the Integrated Grievance Management System (IGMS). Besides the above, there is an Insurance Ombudsman scheme created by Government of India for individual policyholders to have their complaints settled out of the courts system in a cost-effective, efficient and impartial way. There are 18 Insurance Ombudsman in different locations and a policyholder can approach the one having jurisdiction over the location of the insurance company office that he/she have a complaint against. The Ombudsman framework is further strengthened by notification of Insurance Ombudsman Rules, 2017 so that the quick disposal of the grievance of the insured customers is ensured in respect the

complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorship and micro enterprises on the part of insurance companies and their agents and intermediaries in a cost-effective and impartial manner. Competition: The Indian Insurance Market is opened for private competition with the enactment of IRDA Act, 1999. The Insurance Laws (Amendment) Act, 2015 further encouraged competition by increasing FDI limit to 49% from erstwhile 26%. Many new players are being ventured into Indian Insurance Market with objectives of carrying Life, General and Health insurance business as the case may be.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://rbi.org.in/commonman/English/Scripts/AgainstBank.aspx http://www.bcsbi.org.in/codes.html https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=32667 http://www.scores.gov.in http://www.investor.sebi.gov.in/ https://rbidocs.rbi.org.in/rdocs/Content/PDFs/NBFC23022018.pdf

List of abbreviations used

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AIF: Alternative Investment Funds AIFMs: Alternative Investment Fund Managers AIFMD: Alternative Investment Fund Managers Directive AMC: Asset Management Company AUM: Asset under Management BCBS: Basel Committee on Banking Supervision BMC: Base Minimum Capital CDS:Credit Default Swaps CRA: Credit Rating Agency DEA:Designated Entity ESMA:European Securities and Markets Authority EMIR: European Markets Infrastructure Regulation FC: Financial Conglomerates FCMD: Financial Conglomerate Monitoring Divisions FMC: Forward Market Commission FSAP: Financial Sector Assessment Programme FSB: Financial Stability Board FSDC: Financial Stability and Development Council FSR: Financial Stability Report HDFC:Housing Development Finance Corporation ICICI:Industrial Credit and Investment Corporation of India IFRS: International Financial Reporting Standards IGMS: Integrated Grievance Management System IOSCO: International Organization of Securities Commissions IRB: Internal Rating Based IRDAI: Insurance Regulatory and development Authority of India IRF: Inter-Regulatory Forum LCR: Liquidity Coverage Ratio LTV:Loan -to-value MMOU: Multilateral Memorandum of Understanding MTM: Market to Market NAV: Net Asset Value NBFC: Non-Banking Financial Corporation NPS: New Pension System NSFR: Net Stable Funding Ratio OTC: Over the Counter PDs:Primary Dealers PFRDA: Pension Fund Regulatory and Development Fund Authority RBS: Risk-Based Supervision REIT: Real Estate Investment Trust SBI: State Bank of India SCORES: SEBI Complaint Redress System SID: Scheme Information Document SEBI: Securities and Exchange Board of India SPV: Special Purpose Vehicle SRMT: Systemic Risk Monitoring Template UCC: Unique Client Code