

Jurisdiction: *India*

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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| I. Hedge funds | | | | | |
| 1 (1) | Registration, appropriate disclosures and oversight of hedge funds | <p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>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)</p> | <p>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 take place every 2-3 years henceforth (i.e. in 2019 or 2020).</p> | | |

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| 2 (2) | Establishment of international information sharing framework | We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London) | <p>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.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - 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. <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since: <p><input checked="" type="checkbox"/> Implementation completed as of: 22.04.2003</p> <p>Issue is being addressed through:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Signing of MoUs <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>SEBI and securities market regulators of 27 member States of the European Union ("EU") / European Economic Authority ("EEA") signed bilateral MOU concerning consultation, cooperation and the exchange of information related to the supervision of the Alternative Investment Fund Managers</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>(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 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.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p> <p>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</p> | |

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| 3 (3) | Enhancing counterparty risk management | <p>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)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p> | <p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO Report on Hedge Fund Oversight (Jun 2009).</p> <p>In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III, since it is monitored separately by the BCBS.</p> <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: AIF Regulations: May 21, 2012. Detailed guidelines for leverage: July 13, 2013</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>SEBI AIF Regulations provide that SEBI shall impose prudential requirements on the amount of leverage that can be undertaken by an AIF. SEBI has come out with a circular restricting the maximum leverage that can be undertaken by a Category III AIF (which includes hedge funds) to two</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>times the AUM. In view of the restrictions on the leverage, requirement of risk management and monitoring of fund's leverage by the specific counterparty does not seem to arise. Further, in India, hedge funds generally do their trades on the exchange and not OTC. Therefore, counterparty risk does not arise in such cases.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>www.sebi.gov.in/cms/sebi_data/attachdocs/1337601524196.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1375094611151.pdf</p> | |

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| II. Securitisation | | | | | |
| 4 (4) | Strengthening of regulatory and capital framework for monolines | Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008) | 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 take place every 2-3 years henceforth (i.e. in 2019 or 2020). | | |

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| 5 (5) | Strengthening of supervisory requirements or best practices for investment in structured products | Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008) | <p>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.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: September 28, 2011 (Securities Regulator)</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify: SEBI (Mutual Fund) Regulations, 1996 and circulars issued there under</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>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. 1 million 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</p> | |
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| | | | | <p>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</p> | |
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| | | | | <p>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 CDS as ‘USER’ 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 MTM, Systems and procedures, MIS etc. Besides the products</p> | |
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| | | | | <p>and risk management systems mentioned in the earlier surveys, Insurers can not invest in any new structured products beyond ABS and CDS, unless permitted by IRDAI. The position continues to date. PFMs are allowed to make investments in rated Asset Based Securities, Commercial mortgage based Securities or Residential mortgage based securities, REIT, 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 Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulations, 1999. and subject to due diligence by the PFM. Investment in SEBI Regulated 'Alternative Investment Funds' AIF (Category I and Category II only) as defined under the SEBI (Alternative Investment Fund) regulations 2012 are permitted for the NPS Schemes.</p> <p>Highlight main developments since last year's survey:</p> <p>Consequent to passage of the Insurance Laws (Amendment) Act 2015, during year IRDA issued IRDAI (Investment) Regulations, 2016.</p> <p>Web-links to relevant documents:</p> <p>http://www.sebi.gov.in/cms/sebi_data/attachdocs/1317205112545.pdf SEBI (Mutual Fund) regulations, 1996: http://www.sebi.gov.in/cms/sebi_data/attachdocs/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</p> | |
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| | | | | <p>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 Weblink to Revised Investment guidelines for NPS Schemes effective from Jun/10/2015 have been published on Jun/03/2015: http://pfrda.org.in/MyAuth/Admin/showimg.cshtml?ID=705 Weblink to Revised Investment guidelines for NPS Schemes effective from Sept/10/2015 http://www.pfrda.org.in/MyAuth/Admin/showimg.cshtml?ID=756 Web link to Investment in 'Alternative Investment Funds (AIF)' http://pfrda.org.in/WriteReadData/Circulars/AIF8e56d8df-6719-4d49-8e3e-09ee444ad220.pdf</p> | |
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| 6 (6) | Enhanced disclosure of securitised products | Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008) | <p>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.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: March 16, 2011 and May, 2012</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>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</p> | |

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| | | | | <p>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. 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 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 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</p> | |

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| | | | | <p>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. The RBI has prescribed disclosure norms for deposit taking NBFCs and systemically non-deposit taking NBFCs wherein disclosures have been prescribed for securitised products. 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. 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 9, 2015 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</p> | |

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| | | | | <p>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</p> | |

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| | | | | <p>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 9, 2015</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>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</p> | |

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| III. Enhancing supervision | | | | | |
| 7 (7) | Consistent, consolidated supervision and regulation of SIFIs | All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh) | <p>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.</p> <p>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.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) <p><u>IAIS:</u></p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) and revised assessment methodology (updated in June 2016) • IAIS SRMP guidance - FINAL (Dec 2013) | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: November 10, 2014</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In the 15th FSDC Meeting (July 02, 2016), it was decided that “FSDC-SC may come out with a framework which may include broad guidelines for declaring SIFIs. Such framework and guidelines may then be considered by</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | <ul style="list-style-type: none"> • <u>Guidance on Liquidity management and planning (Oct 2014)</u> <p><u>FSB:</u></p> <ul style="list-style-type: none"> • <u>Framework for addressing SIFIs (Nov 2011)</u> | <p>FSDC for approval. Further in future, any regulator declaring any SIFI should bring out the proposal before the FSDC-SC for deliberation especially on the cross-sectoral issues relating to financial stability. FSDC-SC would keep FSDC apprised on a regular basis on these matters”. RBI has issued its framework for dealing with Domestic-Systemic Important Banks (D-SIBs) which discusses the methodology to be followed for identification of D-SIBs and also additional regulatory/supervisory implications for D-SIBs. The D-SIB Framework requires RBI to perform the process of identification of D-SIBs on an annual basis and issue list of banks considered as D-SIBs every year in August starting from 2015. Designation of a bank as a D-SIB has regulatory and supervisory implications. D-SIBs are required to maintain higher Common Equity Tier 1 ratio (CET1) and also may be subjected to closer supervision. Based on the D-SIB Framework, RBI advised SBI and ICICI Bank of their D-SIB status and the required additional capital requirements. Under the prescribed D-SIB framework, higher capital requirements applicable to D-SIBs reduce the probability of failure of these banks. Apart from having higher CET1 requirement, D-SIBs would, in due course be required to establish a robust recovery and resolution plan to ensure that they are resolved without having any significant impact on the financial system. Supervision of Financial Conglomerates i). A financial conglomerate (FC) is generally defined as a group of entities under common control with predominant activities in two or more segments of the financial</p> | |

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| | | | | <p>sector viz banking, insurance, securities, pension fund and non-banking. FCs may also include non-financial entities that are not subject to direct oversight or supervision from any of the financial sector regulators. The FCs include bank-led, insurance company-led and securities company-led groups. For each FC group, a principal regulator (PR) and a designated entity (DE) have been identified for effective coordination of the oversight. ii) Conglomerate supervision was initiated by RBI way back in 2005, based on the recommendations of the Working Group for Systemically Important Financial Intermediaries (Chairperson : Shyamala Gopinath). Conglomerate banks were identified based on the suggested criteria and a monitoring system for capturing intra-group transactions and exposures was instituted. A mechanism for periodic exchange of information among domestic regulators was put in place under the aegis of the High Level Coordination Committee for Financial Markets (HLCCFM) and a nodal cell was set up in RBI for smooth implementation of the oversight framework. iii) The mechanism was further strengthened with the setting up of dedicated Financial Conglomerate Monitoring Divisions (FCMDs) in the Department of Banking Supervision (DBS) of RBI for oversight of banks that operated in other segments of the financial sector. FCMD banks were required to submit bank group returns to RBI, which included details of the group structure, financials of group entities, intra-group transactions and exposures, etc. iv). In 2010, the Financial Stability and Development Council (FSDC) was set up by Government of</p> | |

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| | | | | <p>India for focused attention to financial stability issues. Under the aegis of a sub-committee of the FSDC, an Inter-Regulatory Forum (IRF) was set up in 2012 to function as a college of domestic supervisors for coordinated oversight of identified FCs in the Indian financial sector. The IRF is chaired by the Deputy Governor in charge of supervision at RBI and has high level representatives from domestic regulators viz RBI, SEBI, IRDA and PFRDA as members. A Memorandum of Understanding (MoU) for cooperation and information exchange in the oversight of FCs has also been signed among the regulators. v) The IRF identified in April 2016, new set of 11 FCs in the Indian financial sector, which include five bank-led FCs, four insurance company-led FCs and two securities company-led FCs, based on their significant presence in two or more segments of the financial sector. The criteria for determining significant presence in each market segment has been finalized in consultation with the respective regulator. Each FC group has a ‘designated entity’ within the group to act as the nodal entity, and a ‘principal regulator’, which is the regulator of the designated entity. vi) Designated Entity is required to facilitate compliance and ensure effective communication with the principal regulator. DE is responsible for aggregating, collating and furnishing data (including offsite returns) in respect of all the group entities constituting the FC to its sectoral regulator (Principal/Lead Regulator for the group). Further, the DE on behalf of the FC shoulders the responsibility of handling all correspondences with its Principal/lead Regulator and</p> | |

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| | | | | <p>communicating the directions/ suggestions to the concerned group entities for implementation/ compliance. vii) The sectoral regulator (RBI, IRDA, SEBI and PFRDA) of the DE are designated as Principal/Lead Regulator for the purpose of FC monitoring. However, the IRF may, in due consultation with the Group, designate any of the sectoral regulators to act as a Principal Regulator. The Principal Regulators, in consultation with the DE of the identified FC, identify the entities that form a part of the Group and accordingly are covered under the FC monitoring framework. viii) The IRF coordinated oversight comprises of; a) periodic discussion meetings of all four domestic regulators with the DE of the FC and key group entities, and b) submission of quarterly off-site returns to the PR of the FC . The IRF members have also signed a formal MOU for forging cooperation in the field of supervision of FCs. The MOU outlines the roles/responsibilities of the four domestic regulators relating to sharing of information on FCs monitored by them, consolidated supervision, coordinated on-site inspections and crisis situations. RBI revised regulatory framework applicable to Non-Banking Financial Companies (NBFCs) in November 2014. Non-deposit accepting NBFCs with assets of Rs. 50 billion and above have been defined as systemically important (NBFC-NDSI). All deposit taking NBFCs and NBFCs-NDSI are subject to prudential regulation which includes CRAR stipulations and application of credit/investment concentration norms; corporate governance guidelines and enhanced disclosures in their balance</p> | |

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| | | | | <p>sheet. Further, the revised regulatory framework provides for consolidation of assets of all NBFCs in a group for application of prudential regulation, i.e. if the aggregate assets of all NBFCs in the group exceed the Rs.50 billion mark then each of them, irrespective of their size, will be subject to prudential regulation. All deposit taking NBFCs and NBFC-NDSI are subject to supervision on an annual basis. FSDC is apex level body constituted by Government of India, which includes regulators of various financial institutions, aims at consistent and consolidated supervision, which also includes Group-wide supervision of large financial conglomerates, apart from addressing inter-regulatory co-ordination issues. In the Indian context the inter-regulatory framework (IRF) has been put in place to supervise the financial conglomerates operating in the financial sector in India. These are jointly supervised by the financial sector regulators. Supervision of financial conglomerates In 2005, an oversight and monitoring mechanism for financial conglomerate banks was put in place by RBI in coordination with other domestic regulators viz SEBI, IRDA and PFRDA. After the setting up of the Financial Stability and Development Council (FSDC) in December 2010, which is chaired by the Finance Minister, various issues affecting financial stability, including the need for identifying FCs based on specific criteria and subjecting them to additional and coordinated oversight through an inter-regulatory mechanism, were deliberated. Based on the recommendation of the FSDC, an Inter-Regulatory Forum (IRF) was set in</p> | |

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| | | | | <p>2012 under the aegis of a Sub-Committee of the FSDC, to function as a college of domestic supervisors for enhanced supervision of identified FCs. The IRF is chaired by Deputy Governor of RBI and has very high level representation from SEBI, IRDA and PFRDA. A Memorandum of Understanding (MoU) for cooperation and information exchange in the oversight of FCs has also been signed among the regulators. PFRDA is a regular participant in the FC and IRF meetings.</p> <p>Highlight main developments since last year's survey:</p> <p>The mechanism is working well. The IRF has so far held fourteen meetings with the identified FCs since 2013. One leg of meeting with all the identified FCs have been completed and second leg of IRF meeting with the two bank-led FCs have been convened. Apart from three meetings of main IRF have also been convened so far. RBI's revised regulatory framework applicable to Non-Banking Financial Companies (NBFCs). Non-deposit accepting NBFCs with assets of Rs. 50 billion and above have been defined as systemically important (NBFC-NDSI). All deposit taking NBFCs and NBFCs-NDSI are subject to prudential regulation which includes CRAR stipulations and application of credit/investment concentration norms; corporate governance guidelines and enhanced disclosures in their balance sheet. Further, the revised regulatory framework provides for consolidation of assets of all NBFCs in a group for application of prudential regulation, i.e. if the aggregate assets of all NBFCs in</p> | |

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| | | | | <p>the group exceed the Rs.50 billion mark then each of them, irrespective of their size, will be subject to prudential regulation. All deposit taking NBFCs and NBFC-NDSI are subject to supervision on an annual basis. D-SIBs: None of the Indian Banks are Global SIBs. However, RBI has finalised its Framework for dealing with Domestic - SIBs in July 2014. RBI has disclosed the name of banks designated as D-SIBs from the first time in August 2015. Assessment of systemic importance of banks on the basis of D-SIB Framework is done on an annual basis.</p> <p>Web-links to relevant documents:</p> <p>https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=9327 https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/IPR545973FD04DDB0D4CB BAA84B3C45E1081DE.PDF</p> | |

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| 8 (8) | Establishing supervisory colleges and conducting risk assessments | <p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFs] through international supervisory colleges. (Seoul)</p> | <p>Reporting in this area should be undertaken solely by home jurisdictions of global systemically important insurers (G-SIIs). The BCBS is separately monitoring implementation progress in this area with respect to banks.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities.</p> <p>See, for reference, the following IAIS documents:</p> <ul style="list-style-type: none"> • ICPs 24 and 25, especially guidance 25.1.1 – 25.1.6, 25.6, 25.7 and 25.8 • Application paper on supervisory colleges (Oct 2014) | <p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Reporting in this area was restricted to home jurisdictions of G-SIBs/G-SIIs.</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| 9 (9) | Supervisory exchange of information and coordination | <p>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)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p> | <p>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.</p> <p>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).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 22.04.2003</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Short description of the content of the legislation/ regulation/guideline: (a) Home-Host Supervisory cooperation As on January 18, 2017, formal arrangements such as MoUs/Statement of Co-operation (SoC(/Letter for Co-operation (LoC)) for supervisory co-</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>http://www.sebi.gov.in/cms/sebi_data/internationalAffr/IA_BilMoU.html</p> |

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| | | | | <p>operation and exchange of supervisory information have been established with 37 (thirty seven) overseas supervisory authorities. Besides ad-hoc agreements for supervisory co-operation and exchange of information were established with 2 (two) 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. 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 our experience that the existence of MoUs has helped in strengthening ties and enhancing communication with our overseas counterparts in a more</p> | |

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| | | | | <p>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, 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</p> | |

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| | | | | <p>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, 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.</p> | |

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| | | | | <p>Highlight main developments since last year's survey:</p> <p>Highlight main developments since last year's survey: 1. MOUs have been signed with regulators/supervisors from Cambodia, Myanmar and Turkey. Also, negotiations with other overseas regulators/ supervisors are in different stages for establishment of MoUs. 2. The amendment of Section 29 of the Banking Regulation Act (BR Act), 1949 in January 2013 has conferred upon RBI the powers to call for information from/and cause an inspection of any associate enterprise of a banking company and its books of accounts, jointly by one or more of its officers or employees or other persons along with the Board or authority regulating such associate enterprise. The said amendment in the BR Act, 1949 was deliberated in the Inter-Regulatory Technical Group (IRTG) of the FSDC-SC held on December 20, 2012. It was agreed that the modalities of such joint inspections would be chalked out in conjunction with SEBI/IRDA/PFRDA. 3. The joint inspection of FC group entities may generally be need based where concerns have been identified either by the sectoral regulator or other domestic sector regulator through their on-site/ off-site inspection of the FC or major violation of regulatory norms or occurrence of any event that causes distress to the FCs. On 24th Aug, 2016, SEBI signed a bilateral MoU with Financial Services Regulatory Authority (FSRA), Abu Dhabi Global Markets (ADGM) for enhancing cooperation and exchange of information for regulatory</p> | |

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| | | | | <p>and enforcement purposes between the two jurisdictions.</p> <p>Web-links to relevant documents:</p> <p>http://www.sebi.gov.in/cms/sebi_data/internationalAffr/IA_BilMoU.html</p> | |

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| 10 (10) | Strengthening resources and effective supervision | <p>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)</p> <p>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)</p> <p>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)</p> | <p>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).</p> <p>Jurisdictions should also indicate any steps taken or envisaged in terms of resources/expertise, supervisory measures and/or regulation to strengthen the oversight of risks associated with financial innovation (FinTech).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of:</p> <p>HR: Resource needs are a continuous and on-going function. However for the current year the resource needs were completed by April 2016. Fin-tech: Completed on July 6, 2015. Institutionalized a 3-tier structure to monitor cyber security related events: August 2, 2016 Notification of PFRDA Act in Feb,2014 Section 14(1) empowers PFRDA to take all steps in the interest of subscribers , systems and schemes..</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>(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 Committee’s recommendations, the Department 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. (iv) In addition to the above, as</p> | |

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| | | | | <p>part of the World Bank Knowledge Partnership project, trainings on RBS and other supervisory areas are proposed to be conducted. Fintech: SEBI has laid down a detailed framework vide Circular dated July 6, 2015 with regard to cyber security and cyber resilience that MIIs (Stock Exchanges, Clearing Corporation and Depositories) are required to adopt. The framework inter-alia covers areas such as Governance, Identification of critical assets and cyber risks (threats and vulnerabilities), Access Controls, Physical security, Network Security Management, Security of Data, Hardening of Hardware and Software, Application Security and Testing, Patch Management, Disposal of systems and storage devices, Vulnerability Assessment and Penetration Testing (VAPT), Monitoring and Detection, Response and Recovery, Sharing of information, Training, and Periodic Audit. With the view to further strengthen the aforementioned framework, SEBI is institutionalizing/has institutionalised 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:</p> <ul style="list-style-type: none"> • Tier 1: High Powered Steering Committee on Cyber Security chaired by a Whole Time Member of SEBI. Other members of the committee are a member of SEBI's Technical Advisory Committee (TAC), a cyber-security expert from a Government organization and Executive Director(Market Regulation Department) of SEBI. The committee had its first meeting on December 27, 2016 • Tier 2: Cyber Security Centre / Lab • Tier 3: A Cyber Cell under the Market Regulation | |

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| | | | | <p>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. 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 the Authority 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 Authority 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 is also engaged with the World Bank for risk</p> | |

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| | | | | <p>mapping in the pension sector and developing a framework for Risk Based Supervision for the pension sector in the country. PFRDA is involved in capacity building of its staff. A comprehensive training policy for the Authority 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 the Authority concerning conduct of inspection, investigation, enquiry and writing draft order under PFRDA Act and various intermediary regulations is being conducted in tie-up with NISM. The officials are also members of various Committees and groups involving international organisations such as IOPS and World Bank.</p> <p>Highlight main developments since last year's survey:</p> <p>A. i. Regular trainings/workshops on Risk Based Supervision have been conducted for Supervisory staff/bank officials. ii. The RBS process has been streamlined and all the banks have been brought under the RBS process. iii. The data reporting and consolidation process has been brought on the XBRL reporting platform. iv. A guidance note was prepared for all stakeholders. B. Reserve Bank has 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. The broad mandate of the WG includes undertaking a scoping</p> | |

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| | | | | <p>exercise to gain a general understanding of the major Fin Tech innovations, products and technologies; assessing opportunities and risks arising for the financial system from digitisation and use of financial technology, and how these can be utilised for optimising financial product innovation and delivery to the benefit of users / customers; assessing the implications and challenges for the various financial sector functions such as intermediation, clearing, payments being taken up by non-financial entities; to chalk out appropriate regulatory response with a view to re-align regulatory guidelines and statutory provisions for enhancing Fin Tech / digital banking associated opportunities and managing the challenges and risk. The work of the Group is still in progress. • HR: Recruitment of staff at officer level has been carried out in the FY 2016-17 and after undergoing a comprehensive induction program, these officers have been allocated to various departments. A majority of the staff has been allocated to departments which have a supervisory function. At present, out of 686 officer level staff, a total of 386 officers are posted in various departments within SEBI which handle matters related to: 1) Inspections of market intermediaries, 2) Supervision of collective investment schemes and actions against illegal money pooling schemes, 3) Supervision of market infrastructure institutions, such as, stock/ commodity exchanges, depositories, clearing corporations, etc. 4) Surveillance of the securities & commodities markets, 5) Monitoring of financials of listed companies etc. This number also includes the staff posted at</p> | |

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| | | | | <p>the regional and local offices of SEBI. It may be mentioned here that these officers also carry out other activities, such as, registration matters, policy development, etc. • Fintech: 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 26, 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, Reserve Bank has set up an inter regulatory Working Group (WG) including representatives from RBI, SEBI, IRDA, and PFRDA, from select financial entities regulated by these agencies, rating agencies such as CRISIL and ICRA, and Fin Tech consultants/ companies and the working group has since met twice. The Insurance Laws (Amendment) Act 2015, has given this Authority the power to make regulations in areas which were earlier hardcoded in the statute itself. Authority has notified 35 Regulations (fresh as well as replacing the existing) pursuant to Insurance Laws (Amendment) Act 2015. Some of the important provisions are as under: 1. To prescribe the manner and procedure for issue of equity capital and other forms of capital; 2. To prescribe the form and manner in which the actuarial reports and abstracts as stipulated in Sec 13 of the Insurance Act 1938; 3. To prescribe the norms for maintenance of records of insurance</p> | |

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| | | | | <p>policies and claims; 4. To prescribe the norms for issuance of electronic policy and submission of electronic proposal form for issuance of policies; 5. To prescribe the obligations of insurer in respect of rural or social or unorganised sector and other backward classes; 6. To prescribe a structured scheme for payment of commission etc and thereby bring cost effectiveness in the conduct of insurance business; 7. To prescribe for the time, form, manner including authentication of the return mentioning details of solvency margin as provided under Sec 64VA of the Act; 8. To prescribe the norms and manner of opening and closing places of business by insurers; 9. To prescribe the minimum annuity and other benefits to be secured by the insurers; 10. To prescribe the norms for surrender value of life insurance policies.</p> <p>Web-links to relevant documents:</p> <p>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</p> | |

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| IV. Building and implementing macroprudential frameworks and tools | | | | | |
| 11 (11) | Establishing regulatory framework for macro-prudential oversight | <p>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)</p> <p>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)</p> | <p>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.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: August 2012 and March 8, 2013</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Constitution of a committee.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>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:-</p> <table style="margin-left: 40px;"> <tr> <td style="text-align: right;">Inflation Target</td> <td style="text-align: center;">:</td> <td>Four per cent.</td> </tr> <tr> <td style="text-align: right;">Upper tolerance level</td> <td style="text-align: center;">:</td> <td>Six per cent.</td> </tr> <tr> <td style="text-align: right;">Lower tolerance level</td> <td style="text-align: center;">:</td> <td>Two per cent.</td> </tr> </table> <p>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</p> | Inflation Target | : | Four per cent. | Upper tolerance level | : | Six per cent. | Lower tolerance level | : | Two per cent. | |
| Inflation Target | : | Four per cent. | | | | | | | | | | | | |
| Upper tolerance level | : | Six per cent. | | | | | | | | | | | | |
| Lower tolerance level | : | Two per cent. | | | | | | | | | | | | |

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| | | | | <p>Finance Minister and its members include 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)], Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and the Chief Economic Adviser. 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 India's 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. So far FSDC has held 16 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,</p> | |

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| | | | | <p>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, fintech, 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. 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 was set up, inter alia, to suggest a draft FDMC Bill, which submitted its Report and a Draft Bill titled “The Financial Data Management Centre Bill 2016”. Financial Data Management Centre (FDMC) is being set up to provide a decision support system to FSDC. 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 from 26.12.2016 to 31.1.2017. The comments so received are under examination. The Insolvency and Bankruptcy Code, 2016 has been passed by Parliament in May 2016 and published in the Official Gazette on 28th</p> | |

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| | | | | <p>May 2016. The Insolvency and Bankruptcy Board of India was established on October 1, 2016 in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016. The code aims at consolidating all existing insolvency related laws as well as amending multiple legislation including the Companies Act. The code would have an overriding effect on all other laws relating to Insolvency & Bankruptcy. The code aims to resolve insolvencies in a strict time-bound manner - the evaluation and viability determination must be completed within 180 days. As per latest updates, transactions have commenced from December 1, 2016. Filing of applications for corporate insolvency resolutions with National Company Law Tribunal have already started. Additionally, legislation relating to resolution of financial firms shall be soon introduced in Parliament. The objective is to contribute to stability and resilience of our financial system. It will also protect the consumers of various financial institutions. 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</p> | |

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| | | | | <p>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. Committee set up by Financial Stability Development Council. 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</p> | |

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| | | | | <p>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, 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 endeavor and co-operate to share and reciprocate information relating to the analysis of the financial condition, risk management systems, internal controls, capital base, liquidity and funding resources of the Financial Conglomerate under its respective supervisory jurisdiction. 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. The FSDC is chaired by the Union Finance Minister, with the financial regulators as its members.</p> | |

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| | | | | <p>Within the umbrella of the FSDC a subcommittee on inter-regulatory coordination has been set up. It comprises the representatives from regulatory agencies (Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), IRDA of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA)). A MOU towards cooperation in the field of supervision of Financial Conglomerates has been signed by the Indian financial regulators (namely, RBI, SEBI, IRDAI and PFRDA). The MOU was signed in March 2013. The MOU is a statement of intent by the Authorities to collaborate, co-operate, share information, coordinate on-site examinations, consult on matters of mutual supervisory /regulatory interests and to undertake assessment of systemic risk arising from the activities of Financial Conglomerates, as a part of the Financial Conglomerates monitoring framework. In India, Financial Conglomerate (FC) is a Group which has significant presence in at least two financial market segments (Banking, Capital Market, Insurance, Pension, Non-Banking Finance) regulated by more than one of the Authorities/Regulators or otherwise so identified due to its significance to the financial system. Each Authorities/ Regulators would endeavour and co-operate to share and reciprocate information relating to the analysis of the financial condition, risk management systems, internal controls, capital base, liquidity and funding resources of the Financial Conglomerate under its respective supervisory jurisdiction. Pension Fund - A Memorandum of Understanding (MoU) was signed by the financial sector regulators RBI, SEBI,</p> | |

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| | | | | <p>IRDAI & PFRDA in March 2013 to forge greater cooperation in the field of consolidated supervision and monitoring of financial groups identified as financial conglomerates. The PFRDA Act, 2013 also empowers (section 14) PFRDA to call for information, undertake inspection and conduct inquiries and investigations to protect the interests of subscribers of such System and schemes.</p> <p>Highlight main developments since last year's survey:</p> <p>Since last survey between period i.e., July 2015-December, 2016, Meeting with 3 insurance FC group entities were held.</p> <p>Web-links to relevant documents:</p> <p>http://finmin.nic.in/fsdc/Press_release_16th_meeting_FSDC.pdf https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=37905 https://rbi.org.in/Scripts/BS_PressReleaseDisplay.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.cshhtml?ID=353</p> | |

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| 12 (12) | Enhancing system-wide monitoring and the use of macro-prudential instruments | <p>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)</p> <p>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)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p> | <p>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.</p> <p>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.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> • 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 | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: February 5, 2015</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: 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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | <p><i>Policies: Lessons from International Experience (Aug 2016)</i></p> <ul style="list-style-type: none"> • CGFS report on <i>Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)</i> • CGFS report on <i>Objective-setting and communication of macroprudential policies (Nov 2016)</i> | <p>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.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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, it was announced that after review and empirical testing of CCCB indicators, it has been decided that CCCB need not be activated at this point in time. 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</p> | |

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| | | | | <p>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. Risk weight on exposure to other sensitive sectors, like capital market, retail housing loans also saw similar increases. The provisions for standard assets were also revised upwards progressively in November 2005, May 2006 and January 2007, in view of the continued high credit growth in the real estate sector, personal loans, credit cards receivables, loans and advances qualifying as capital market exposures and loans and advances to the NBFCs. The impact of macroeconomic indicators on insurance sector is examined on periodic basis by Financial Stability Report, presently every half-year. In addition to the above,</p> | |

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| | | | | <p>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. The impact of macroeconomic indicators on insurance sector is examined on periodic basis by Financial Stability Report, presently every half-year. 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 pension sector, for macro prudential the Authority 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 Authority 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</p> | |

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| | | | | <p>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 AA 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 ensures greater transparency.</p> <p>Highlight main developments since last year's survey:</p> <p>The government has recently 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</p> | |

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| | | | | <p>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.</p> <p>Web-links to relevant documents:</p> <p>http://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/IEPR155FDS0714.pdf http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30097</p> | |

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| V. Improving oversight of credit rating agencies (CRAs) | | | | | |
| 13 (13) | Enhancing regulation and supervision of CRAs | <p>All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)</p> <p>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.</p> <p>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.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance</p> | <p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including on governance, training and risk management) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) <p>Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: July 07, 1999; Additional circular on November 01, 2016</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <ul style="list-style-type: none"> • India is one of the earliest countries to have framed regulations for CRAs since 1999. These regulations contain provisions regarding grant of registration | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | <p>obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p> | | <p>to the CRAs, their supervision, Code of Conduct, policies for avoidance of conflict of interest, etc. Furthermore, CRAs are required to display the status of compliance with the provisions of IOSCO Code of Conduct on their respective websites. SEBI has laid down a comprehensive procedure for registration of any entity desirous of undertaking the credit rating activities as defined in the SEBI (Credit Rating Agencies) Regulations, 1999. The regulations are comprehensive, covering the following areas: • Supervision • Enforcement Action • Code of Conduct • Internal Audit • Transparency and Disclosure • Standardised Rating symbols & definitions • Differentiated Ratings for Structured Products • Compliance with IOSCO Code of Conduct CRAs operate under the oversight of SEBI and RBI. The investment guidelines prescribed by PFRDA provides for investments under specified category as per 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 Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulations, 1999. However, the Pension Funds are mandated to undertake their own due diligence before making an investment and not rely solely on the Credit ratings. Further, PF regulations prescribes formulation of Investment Committee and Pension fund shall draw up an investment policy and place the same before the board of directors for its approval. In framing such a policy, the board will be guided by issues relating to</p> | |

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| | | | | <p>liquidity, prudential norms, exposure limits, stop loss limits in securities trading, management of all investment and market risks, management of assets liabilities mismatch, investment audits and investment statistics and the provisions of the Authority's guidelines or directions.</p> <p>Highlight main developments since last year's survey:</p> <p>SEBI has recently come out with a Circular dated Nov 01, 2016 for Strengthening the Guidelines and Raising Industry Standards for Credit Rating Agencies (CRAs). The Circular covers the following broad areas: I. Policy in respect of non-cooperation by the issuer: • CRAs to mandatorily review the instrument, on an ongoing basis throughout the instrument's lifetime, on the basis of best available information, even in case of non-cooperation by the issuer. • Standardization of Press Release in case of non-cooperation • Credit rating symbol to be accompanied by "Issuer did not cooperate; Based on best available information" in the same font size II. Accountability and managing conflict of interest • Obligations, responsibilities, managing conflict of interest, eligibility, composition, system of voting etc. of rating committee members of Rating Committees, and roles, responsibilities and desired timelines for analysts to be set out by each CRA in its Operational Manual. • Persons having business responsibility not to be part of the Rating Committee. However, the MD/ CEO may be a member of the Rating Committee if the majority of the Rating Committee members are independent. • Annual review of the functioning of the</p> | |

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| | | | | <p>Rating Committee. III. Standardization of format of Press Release– • Press Release to include Rating action and Outlook, details of the instrument, key rating drivers, rating history, reference to applicable criteria, contact details of Rating Analyst etc. IV. Disclosures on website of CRA of : • Criteria used for rating various instruments and sectors and for default recognition • Rating Process and Policies • Any change in Rating Criteria, process and policies • All Rating history, Press Releases and Rating Reports assigned by the CRA including ratings withdrawn and those non-accepted by the issuer, even in case of non-public issues. • Rating transition/ Rating history of the issuer Details of all such ratings where the review became due but was not completed by the due date by the CRA.</p> <p>Web-links to relevant documents:</p> <p>http://www.sebi.gov.in/cms/sebi_data/attachdocs/1477999985100.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1377685272224.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1310550566263.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1308551826775.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1288154943197.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1295346684641.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/crateamend_p.pdf</p> | |

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| 14 (14) | Reducing the reliance on ratings | <p>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)</p> <p>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)</p> <p>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)</p> <p>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</p> | <p>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.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010) • FSB Roadmap for Reducing Reliance on CRA Ratings (Nov 2012) • BCBS Consultative Document Revisions to the Standardised Approach for credit risk (Dec 2015) • 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 | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: December 2012</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>i) Reserve Bank of India’s 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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | <p>competition among credit rating agencies. (Los Cabos)</p> <p>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)</p> | <p><u><i>the Use of External Credit Ratings (Dec 2015).</i></u></p> | <p>management framework, including aspects relating to credit assessment process and rating/grading, is one of the focus areas of the Reserve Bank’s Risk Based Supervision of banks. Further, adequate disclosure requirements are already in place. ii) The Indian banking system’s 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 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</p> | |

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| | | | | <p>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. Securities and Exchange Board of India 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 'Principles 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</p> | |

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| | | | | <p>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</p> | |

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| | | | | <p>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, 201 6 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. PF are suggested to undertake in house research before making an investment decision.</p> <p>Highlight main developments since last year’s survey:</p> <p>Consequent to passage of Insurance (Laws) Amendment Act, 2015, IRDAI</p> | |

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| | | | | <p>issued IRDAI (Investment) Regulations, 2016.</p> <p>Web-links to relevant documents:</p> <p>https://rbi.org.in/Scripts/NotificationUser.aspx?Id=906&Mode=0</p> <p>https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9904</p> <p>http://www.sebi.gov.in/cms/sebi_data/attachdocs/1458300086490.pdf</p> | |

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| VI. Enhancing and aligning accounting standards | | | | | |
| 15 (15) | Consistent application of high-quality accounting standards | Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington) | <p>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.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.</p> <p>As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: April 01, 2016</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>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 Group has submitted the report along with formats for preparation of Ind AS compliant financial statements. Insurers are required to submit proforma financial statements from the quarter ending 31st December 2016.</p> <p>Web-links to relevant documents:</p> |

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| | | | <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> • <u>Guidance on credit risk and accounting for expected credit losses (Dec 2015)</u> | <p>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 from 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 has 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. 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 our website www.rbi.org.in . The Report, inter alia, contains recommendations on implementation of the expected credit loss model by banks. Consistent application of high-quality accounting standards 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</p> | |

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| | | | | <p>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 India's accounting standards. However, India's accounting standards were vastly different from standards accepted worldwide, like the International Accounting Standards (IAS) and International Financial Reports Standards (IFRS). 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</p> | |

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| | | | | <p>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.....” 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.” 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. Regulation 19 and schedule VII of the Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 provide for the high quality accounting standards that the required to be maintained and complied with. Also, Pension Funds are advised to comply</p> | |

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| | | | | <p>with the companies (Indian Accounting Standards) Rules 2015, as notified by Ministry of Corporate Affairs as amended from time to time. Also, 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.</p> <p>Highlight main developments since last year’s survey:</p> <p>Scheduled Commercial Banks have internally set up a Steering Committee headed by an official of the rank of an Executive Director comprising members from cross-functional areas of the bank to immediately initiate the IFRS converged Indian Accounting Standards (Ind AS) implementation process. Banks were also advised that the Audit Committee of the Board shall oversee the progress and report to the Board at quarterly intervals. Banks have been advised to submit their Ind AS compliant data to assess their preparedness and impact, as part of preliminary impact assessment exercise. Detailed guidelines for preparation of the proforma statements under Ind AS were issued in June 2016. A majority of Scheduled Commercial Bank have submitted Proforma Ind AS Financial Statements for the half year ended September 30, 2016. The Reserve Bank of India is regularly engaging with the banks and other related organisations like Institute of Chartered Accountants of India, Indian Banks Association etc by way of meetings, seminars, conference, official communication and informal interaction, for the purpose of effective implementation of Ind AS. The Reserve Bank of India has initiated capacity</p> | |

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| | | | | <p>building measures by way of training and faculty supports to other organisations. An Internal Working Group on Expected Credit Losses, has been constituted by the Reserve Bank of India to specifically address the ECL framework of Ind AS 109 to enable issue of regulatory guidance on ECL. This Group has representatives from banks and officials from the Reserve Bank of India. As IFRS is accepted worldwide, a need was felt to converge the Indian standards with the same which would also serve many purposes – like, for example, making comparisons between Indian companies and their foreign counterparts. The new Indian Accounting Standards (Ind AS) have been prescribed which are converged with IFRS. These standards have been made applicable to Indian companies in a phased manner from April 1, 2016 by way of MCA notification (http://mca.gov.in/Ministry/pdf/Notificati_on_20022015.pdf) as under: FY Mandatorily applicable to 2016-17 Companies (listed or unlisted) whose net worth is equal to or greater than Rs. 500 crores. 2017-18 All listed companies + Unlisted companies whose net worth is equal to or greater than Rs. 250 crores. 2018-19 onwards When a company's net worth becomes greater than Rs. 250 crores. Banks and Insurance Companies shall also be required to comply with Ind AS from April 01, 2018. A circular dated July 5, 2016 on revised formats for financial results and implementation of Ind AS by listed entities has been issued. The circular provides various relaxations to the listed entities to which Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS Rules') are applicable</p> | |

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| | | | | <p>from the accounting period beginning on or after April 01, 2016. The relaxations pertain to timelines for submitting financial results, comparative periods to be presented and requirement of audit/limited review of comparative figures during the first year of Ind AS implementation. SEBI has also issued a circular dated October 24, 2016 providing guidance to insurance companies to report their financial statements under Ind-AS. SEBI has also issued clarification regarding applicability of Ind AS to disclosures in offer documents by way of a circular dated March 31, 2016 SEBI Committee on Disclosures and Accounting Standards (SCODA) was re-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. As the Insurance Sector has to move towards Ind AS (equivalent of IFRS) from the financial year 2018-19 with one year comparatives, the exposure draft on Accounting Regulations is kept in abeyance. Insurance sector is currently working on implementation of Ind AS.</p> <p>Web-links to relevant documents:</p> <p>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.cshhtml?ID=711 http://pfrda.org.in/MyAuth/Admin/show</p> | |

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| | | | |  http://www.sebi.gov.in/cms/sebi_data/attachdocs/1477287349972.pdf | |

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| VII. Enhancing risk management | | | | | |
| 16 (16) | Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks | <p>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)</p> <p>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)</p> <p>Regulators and supervisors in emerging markets² will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p> | <p>Jurisdictions should indicate the measures taken in the following areas:</p> <ul style="list-style-type: none"> • 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. <p>Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: May, 2015 (respect of NSFR)</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: January 1, 2015 (in respect of LCR)</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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

² Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

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| | | We commit to conduct robust, transparent stress tests as needed. (Pittsburgh) | requirements for CCPs), since these are monitored separately by the BCBS . | <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>During the year 2014-15 significant progress has been made towards implementation of the two Basel III Liquidity Ratios, viz., LCR & NSFR, in India. While LCR (Liquidity Coverage Ratio) became applicable for Indian banks in a phased-in manner at a minimum requirement of 60% from January 1, 2015, a draft guideline issued in May 2015 by RBI has proposed to implement the NSFR (Net Stable Funding Ratio) at the minimum requirement of 100% from January 1, 2018 without any phase-in arrangement. The Reserve Bank has issued revised guidelines on stress testing to banks on December 2, 2013 in tune with BCBS guidelines, after considering the stress experienced by banks in India in the recent past.</p> <p>Highlight main developments since last year's survey:</p> <p>As per the phase-in implementation plan of LCR, the minimum required LCR has become 80% from January 1, 2017. RBI has further expanded the definition of assets under HQLAs by allowing Corporate Bonds (including CPs) within Level 2B HQLAs, subject to certain conditions.</p> <p>Web-links to relevant documents:</p> <p>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=9631&Mode=0</p> | |

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| | | | | nUser.aspx?Id=10309&Mode=0 https://rbi.org.in/SCRIPTS/bs_viewcontent.aspx?Id=3013 | |

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| 17 (17) | Enhanced risk disclosures by financial institutions | <p>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)</p> <p>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)</p> | <p>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.</p> <p>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</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of:</p> <p>Basel III implemented from April 1, 2013 Investment in financial instrument and risk arising and management (IFRS 7): The requirement for disclosure in this regard is already in place in terms of SEBI (Mutual Fund) Regulations, 1996. Fair Value Measurement (IFRS13): Fair Value Principles were made effective by amending SEBI (Mutual Fund) Regulations, 1996, in February 2012.</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | <p><i>accounting for expected credit losses (Dec 2015)</i></p> | <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 bank's exposure to risks and provides 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: 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</p> | |

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| | | | | <p>matters within the limits set by the listed entity's 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 capitalisation 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..." As per clause 9(n) of the disclosures to be made on corporate governance in the Annual report, the following needs to be disclosed by listed entities: "(n)</p> | |

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| | | | | <p>commodity price risk or foreign exchange risk and hedging activities;” 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.</p> <p>Highlight main developments since last year’s survey:</p> <p>Implementation of Ind AS will also enhance the disclosures by banks.</p> <p>Web-links to relevant documents:</p> <p>SEBI (Mutual Fund) regulations, 1996: 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</p> | |

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| VIII. Strengthening deposit insurance | | | | | |
| 18 (18) | Strengthening of national deposit insurance arrangements | National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008) | <p>Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.</p> <p>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).</p> <p>In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance with the revised Core Principles:</p> <ul style="list-style-type: none"> • 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. | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>DICGC is working on the modalities particularly w.r.t. the risk categorisation model. Soon after the finalization of the model, the same shall be placed before the Boards of DICGC and RBI sequentially prior to forwarding the proposal to Government of India for its consideration.</p> <p>Web-links to relevant documents:</p> |

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| | | | | Web-links to relevant documents: | |

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| IX. Safeguarding the integrity and efficiency of financial markets | | | | | |
| 19 (19) | Enhancing market integrity and efficiency | We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes) | <p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendations:</p> <ul style="list-style-type: none"> • 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). | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 03.03.2012</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>the regulatory framework is placed below: The provisions on Algorithmic 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.</p> <p>Highlight main developments since last year's survey:</p> <p>With a view to further align the risk management practices of the securities market with the PFMI, SEBI advised clearing corporations: (i) To not accept Fixed Deposit Receipts (FDRs) from trading/clearing members as collateral, which are issued by the trading/ clearing member themselves or banks who are associate of trading/ clearing member. (ii) Trading/Clearing Members who have deposited their own FDRs or FDRs of associate banks shall replace such collateral, with other eligible collateral as per extant norms, within a period of six months from the date of issuance of the circular. 2. On the basis of the recommendations of the expert Committee on Clearing Corporations, SEBI vide circular dated May 04, 2016 inter alia advised clearing corporations on following issues: (i) Investment Policy of Clearing Corporation. (ii) Liquid assets for the purpose of calculation of Net worth of Clearing Corporation. 3. Vide circular dated December 01, 2016, in consultation with</p> | |

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| | | | | <p>Technical Advisory Committee of SEBI (TAC), SEBI had reviewed the guidelines to be followed by stock exchanges while facilitating co-location / proximity hosting wherein, inter alia, following was advised to stock exchanges: (i) To allow direct connectivity between colocation facility of one recognised stock exchange and the colocation facility of other recognized stock exchanges. (ii) To allow direct connectivity between servers of a stock broker placed in colocation facility of a recognized stock exchange and servers of the same stock broker placed in colocation facility of a different recognized stock exchange. This facility should be available to all the collocated brokers, who are desirous to avail such connectivity, in a fair and equitable manner. In addition to the above guidelines, following was clarified to stock exchanges: (iii) Colocation services provided by a third party or outsourced from a third party is deemed to be provided by the stock exchanges. Further, stock exchange will remain responsible and accountable for actions of such outsourced entity with respect to colocation services. (iv) Facility that allows stock brokers / data vendors to connect to the stock exchange trading system over a Local Area Network (LAN) shall fall within the definition of “Colocation / proximity hosting” as defined by SEBI. 4. Vide circular dated January 20, 2017, the following measures were advised to stock exchanges based on the recommendations of SEBI-TAC: (i) Stock exchanges shall formulate a comprehensive policy document for providing stock market related data to</p> | |

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| | | | | <p>the market participants in a fair and transparent manner, irrespective of the type of mechanism used by the stock exchanges for broadcasting of data. (ii) Stock exchanges shall ensure that : (a) Appropriate tools are deployed so as to monitor service quality of data feeds; (b) Appropriate mechanism (viz. load balancers, randomizers, etc.) to manage load across systems disseminating data in order to ensure consistent response time to all market participants; All communication to the market participants, especially on all technology related matters such as Monitoring Tool, Load Balancer, Randomisation etc., are abundantly clear and precise providing all necessary details related to the concerned facility / service, including information on features, benefits, risks, etc. of the concerned facility / service, particularly for participants who have opted for colocation facility.</p> <p>Web-links to relevant documents:</p> <p>http://www.sebi.gov.in/cms/sebi_data/attachdocs/1437033678905.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1436179654531.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1444301614617.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1436782665000.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1431512252858.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1421059348668.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1413882409070.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1421059410188.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1355406529538.pdf</p> | |

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| | | | | http://www.sebi.gov.in/cms/sebi_data/attachdocs/1355915021615.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1360851620748.pdf | |

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| 20 (20) | Regulation and supervision of commodity markets | <p>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)</p> <p>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)</p> | <p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>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).</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 28.09.2015</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In India, Commodity Derivatives are traded on recognised Exchanges. Earlier these Exchanges were regulated by Forward Market Commission (FMC). Effective from September 28, 2015. Post-merger commodity derivatives and commodity derivatives Exchanges have</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>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 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.</p> <p>Highlight main developments since last year's survey:</p> <p>Various circulars were issued by SEBI during the last year to consolidate and update such norms and align them with securities market namely- • Transaction Charges by Commodity Derivatives Exchanges (vide circular dated September 07, 2016) • Issued Broad Guidelines on Algorithmic Trading for National Commodity Derivatives Exchanges (vide circular dated September 27, 2016) • Disclosure by Commodity Derivative Exchanges on</p> | |

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| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>their Websites (vide circular dated September 27, 2016) • Prescribed norms for Exchanges to follow for providing facility of Price dissemination to market participants (vide circular dated August 30, 2016) • Issued direction regarding Position Limits for Commodity Derivatives, clubbing of open positions, penalties for violation of position limits (vide circular dated September 27, 2016) • Issued circular on Daily Price Limits (DPL) for Non-Agricultural Commodity Derivatives/ First Day DPL for All Commodity Derivatives (vide circular dated September 07, 2016) Development of the commodity derivatives market:</p> <ul style="list-style-type: none"> •Notification of New Commodities- On recommendation of SEBI, the Government has notified following new commodities for derivatives trading in Diamond, Brass, Pig Iron, Eggs, Cocoa and Tea •Introduction of Options in Commodity Derivatives Market: SEBI has constituted a committee of experts known as Commodity Derivatives Advisory Committee (CDAC) to advise SEBI on matters concerning effective regulation and development of the commodity derivatives market. The recommendations made by the CDAC inter alia, on the subject of introduction of new products have been considered and SEBI vide circular dated September 29, 2016 decided that Commodity Derivatives Exchanges shall be permitted to introduce trading in ‘options’. Revised warehousing norms •SEBI vide Circular dated June 02, 2016 had issued Consultative Paper on Warehousing Norms for Agricultural & Agri-Processed Commodities Traded on National Commodity Derivatives Exchanges for public comments. •Based | |

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|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>on the feedback, SEBI vide circular dated September 27, 2016 issued revised warehousing norms for Agricultural & Agri-Processed Commodities Traded on National Commodity Derivatives Exchanges for public comments. Regulatory Framework for Commodity Derivatives Brokers. SEBI vide circular dated September 23, 2016 has issued Regulatory Framework for Commodity Derivative Brokers.</p> <p>Web-links to relevant documents:</p> <p>http://www.sebi.gov.in/cms/sebi_data/attachdocs/1473245182317.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1474982588460.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1474982721070.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1472553448898.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1474982551917.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1473245233159.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1443524693649.pdf Development of the commodity derivatives market: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1475059402243.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1475059335825.pdf Revised warehousing norms http://www.sebi.gov.in/cms/sebi_data/attachdocs/1474982807724.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1464860526503.pdf http://www.sebi.gov.in/cms/sebi_data/attachdocs/1474630549915.pdf</p> | |

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| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|--------------------------------|---|--|------------------|------------|
| 21 (21) | Reform of financial benchmarks | 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 forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO <i>Principles for Financial Benchmarks</i> . | | |

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| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|---|---|--|---|---|---|
| X. Enhancing financial consumer protection | | | | | |
| 22 (22) | Enhancing financial consumer protection | We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes) | <p>Jurisdictions should describe progress toward implementation of the OECD’s <i>G-20 high-level principles on financial consumer protection (Oct 2011)</i>.</p> <p>Jurisdictions may also refer to OECD’s <i>September 2013 and September 2014 reports</i> on effective approaches to support the implementation of the High-level Principles. 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.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: March 31, 2014 (Banks) Investor protection has been SEBI’s mandate since its inception in 1992. Scores was started in June 2011.</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In the Budget Speech 2017-18, the Finance Minister, Government of India</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>has 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. This entity will work in close coordination with all financial sector regulators and other stakeholders. Pursuant to the above announcement, a Working Group has been set up under the chairmanship of Director General, Indian Computer Emergency Response Team (ICERT) with representation from Department of Financial Services, Department of Economic Affairs, Ministry of Electronics and Information Technology, National Payments Corporation of India, Reserve Bank Information Technology Pvt Ltd and all financial sector regulators to study and recommend measures for setting up of computer emergency response system in the financial sector and submit its report to the Government. The working group has held two meetings so far and is likely to submit its report soon. 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 18 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. The RBI has set up Banking Codes and Standards Board of India as an autonomous body which sets out minimum standards for banking services in India for individual customers and</p> | |

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| | | | | <p>Micro and Small Enterprises. 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 ‘five’ 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 having large business especially retail, 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</p> | |

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| | | | | <p>advertisement campaign in print media and on radio, cautioning public about fictitious offers of money, precautions to be taken in electronic banking transactions etc As per the SEBI Act, 1992, investor protection is a prime mandate. 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. 11 (1) (f) of the SEBI Act, 1992: “promoting investors’ education and training of intermediaries of securities markets” There is a dedicated Department catering to the Grievance Redressal and Investor Education and Awareness activities (Office of Investor Assistance and Education). Local offices at various state capitals have also been opened to cater to same. •In June 2011, SEBI commenced a new web based grievance redressal system called SEBI Complaint Redress System (SCORES). SCORES provides online access 24 x 7. 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 activities are undertaken for investor education and financial education Investor education • Dedicated website for investors. • Large format programs called Regional Seminars with the help of exchanges, depositories etc. • Investor Awareness Programs through Investors’ Associations recognised by SEBI • Participation in trade fairs, exhibitions etc. with footfalls of large crowds. • Investor Assistance where investors</p> | |

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| | | | | <p>queries are replied through various modes- physical letters/ emails etc. So far thousands of such queries have been replied. • Mass media Campaign in various regional languages – on various topics including grievance redress mechanism, toll free number of SEBI, cautioning investors on schemes offering unrealistic returns etc. • Bulk SMS Campaign cautioning investors on schemes offering unrealistic returns, Ponzi schemes etc. So far over 280million such messages have been sent. Financial Education • Financial Education to various target groups (School Children/ Young investors/ Middle Income group/ executives/ home makers/ retirement planning/ self-help groups/ farmers etc) through Resource Persons (RPs). There are more than 1350 RPs covering more than 530 districts across the country and so far have covered over 3.5 million individuals. Efforts are continuously being made to cover more districts and individuals. Visit to SEBI in various offices of SEBI by students from professional institutes/ colleges etc. 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. All the Regulations framed under PFRDA Act have a customer centric approach.</p> | |

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|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>Highlight main developments since last year's survey:</p> <p>The banks had been advised to formulate their own Board approved Customer Rights Policy based on the Charter of Customer Rights (issued by the Reserve Bank) by July 2015 and all the banks have formulated the same.</p> <p>Web-links to relevant documents:</p> <p>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/</p> | |

XI. Source of recommendations

[Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)

[Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)

[Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XII. List of abbreviations used

AIF: Alternative Investment Funds
 AMC: Asset Management Company
 AUM: Asset under Management
 BCBS: Basel Committee on Banking Supervision
 BMC: Base Minimum Capital
 CRA: Credit Rating Agency
 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
 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
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
PFRDA: Pension Fund Regulatory and Development Fund Authority
RBS: Risk-Based Supervision
REIT: Real Estate Investment Trust
SCORES: SEBI Complaint Redress System
SEBI: Securities and Exchange Board of India
SPV: Special Purpose Vehicle
SRMT: Systemic Risk Monitoring Template
UCC: Unique Client Code