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

Jurisdiction
US

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

G20/FSB Recommendations

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

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

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

I2: Hedge funds - Establishment of international information sharing framework

G20/FSB Recommendations

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

Remarks

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

In addition, jurisdictions should state whether they are:

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.05.2010

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Model supervisory cooperation arrangement published by IOSCO in May 2010. The SEC and several of its counterparts have entered into memoranda of understanding (MOUs) and other arrangements relating to cooperation with respect to supervisory matters. Other actions: SEC staff chaired an IOSCO task force that developed a model supervisory cooperation arrangement.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://www.iosco.org/library/pubdocs/pdf/IOSCOPD322.pdf http://www.sec.gov/about/offices/oia/oia_cooparrangements.shtml#reg

I3: Hedge funds - Enhancing counterparty risk management

G20/FSB Recommendations

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

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

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

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

G20/FSB Recommendations

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

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

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

G20/FSB Recommendations

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

Remarks

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

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

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

Progress to date:
Implementation ongoing

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

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

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

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The OCC published several bulletins and one regulation that addresses bank’s upfront due diligence and ongoing analysis of structured products. Two of these bulletins are highlighted below: On June 26, 2012, the OCC published Bulletin 2012-18: “Alternatives to the Use of External Credit Ratings in the Regulations of the OCC.” The Board also published guidance in SR 12-15, “Investing in Securities without Reliance on Nationally Recognized Statistical Rating Organization Ratings”, which references the expectations provided in the OCC bulletins. This guidance enumerated several key factors for banks to include in their analysis. Ten factors require analysis for structured products. Detail provided in web link #1 below. On January 1, 2015, banks were required to perform specific due diligence analysis on structured product on an upfront and ongoing basis to comply with 12 CFR 3.43(c): “Capital Adequacy: Operational Due Diligence Requirements for Securitization Exposures.” A risk-weight of 1250% must be applied for securitization exposures where the bank cannot support a comprehensive understanding of features that materially affect its performance. See weblink #2 below for more information. Other actions: In 2009, the NAIC changed the process by which NAIC designations are assigned for each structured security held by an insurance company. This was an important change as NAIC designations are mapped to Risk-Based Capital factors and Asset Valuation Reserve requirements. Each individual RMBS and CMBS held by insurers is modelled on an annual basis to determine an expected intrinsic value. For securities that closed prior to Jan. 1, 2013, the intrinsic values are used, together with each company’s carrying value for each RMBS and CMBS to determine the NAIC designation and resulting RBC factor. For securities that closed after Jan. 1, 2013, the NAIC designations are determined directly from the intrinsic values. This process replaced reliance on rating agency ratings for non-agency RMBS and CMBS. All of this provided for an increased level of regulatory oversight and resulted in a more accurate assessment of insurance companies’ investment risks as they relate to risk of loss to capital. It also requires ongoing monitoring by insurance regulators of current market and economic conditions as the assumptions under different scenarios used in the modelling to determine probability and magnitude of loss need to be updated every year. The NAIC continues to monitor industry-wide exposures for significant changes in asset mix, including structured securities, commercial real estate related assets and hedge funds. This is reported to individual insurance departments and various committees and other groups of State insurance regulators meeting through the NAIC. The NAIC also completed work on commercial mortgage loans in 2013. FHFA examines models at its regulated entities (Fannie Mae, Freddie Mac, and the Federal Home Loan Banks) to ensure that they have the capability of performing loan-level evaluations of structured securities.

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

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
The NAIC has been engaged in a wholesale review of asset risk factors for all of the investment schedules. This is expected to result in recommendations for significant changes in some areas, while others will likely remain relatively unchanged; depending on the results of detailed analysis as balanced by the need to focus on regulatory benefits. Work is near completion for the largest asset class among insurers - bonds - with a likely outcome being increased granularity along with an updating of risk-based capital factors based on more current default and loss severity data. Work on other asset classes, such as common stock and real estate, are also in process with a timeline for completion after the work on bonds is completed.

Relevant web-links: please provide web-links to relevant documents
https://www.occ.gov/news-issuances/federal-register/77fr35259.pdf (page 35261) https://www.law.cornell.edu/cfr/text/12/3.41(c)

II6: Securitisation - Enhanced disclosure of securitised products

G20/FSB Recommendations

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

Remarks

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
20.01.2011

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
On January 20, 2011, final rules were adopted: "Disclosure for ABS Required by Section 943 of the Dodd-Frank Act" and "Issuer Review of Assets and Offerings of ABS". On September 4, 2014, final rules were adopted: "Asset-Backed Securities Disclosure and Registration." Other actions: As part of FHFA's launch of a new uniform mortgage-backed security on June 3, 2019 for Fannie Mae and Freddie Mac (the Enterprises), the Agency aligned the Enterprises' loan-level and security-level disclosures.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
https://www.fhfa.gov/PolicyProgramsResearch/Policy/Pages/Securitization-Infrastructure.aspx Jan. 20, 2011, Final Rules: http://www.sec.gov/rules/final/2011/33-9175.pdf (Section 943); http://www.sec.gov/rules/final/2011/33-9176.pdf (Issuer review of assets in ABS offerings) July 26, 2011, Proposed Rules: http://www.sec.gov/rules/proposed/2010/33-9117.pdf (Asset-backed securities); http://www.sec.gov/rules/proposed/2011/33-9244.pdf (Re-proposal of shelf eligibility conditions for asset-backed securities) Sept. 4, 2014, Final Rules: http://www.sec.gov/rules/final/2014/33-9638.pdf

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

G20/FSB Recommendations

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

Remarks

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

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

See, for reference, the following documents:

BCBS

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

IAIS

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

FSB

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

Progress to date:
Implementation completed

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

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

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

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The Dodd-Frank Act modifies U.S. regulatory framework by creating the Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, with the authority to designate nonbank financial companies whose material financial distress or activities could threaten the financial stability of the United States and to require these firms be subject to enhanced prudential standards and supervision by the Federal Reserve. FSOC issued a final rule and interpretative guidance in 2012 regarding its nonbank designations authority. Enhanced Prudential Standards Section 165 of the Dodd-Frank Act directs the Federal Reserve to establish enhanced prudential standards (EPS) for U.S. bank holding companies with global consolidated assets of $50 billion or more; foreign banking organizations with a U.S. banking presence and global consolidated assets of $50 billion or more; and nonbank financial companies designated by the FSOC for supervision by the Federal Reserve in order to prevent or mitigate risks to U.S. financial stability that could arise from the material financial distress or failure, or ongoing activities, of these companies. The statute generally requires the EPS to include risk-based and leverage capital requirements, liquidity requirements, risk management and risk-committee requirements, resolution-planning requirements, single counterparty credit limits, stress-test requirements, and a debt-to-equity limit. Capital Standards The Federal Reserve issued a final rule aligned with Basel III in 2014, with the requirements for bank holding companies taking effect in 2015, and for foreign banking organizations in July 2016. In July 2015, the Federal Reserve Board finalized a rule for a risk-based capital surcharge for global systemically important bank holding companies based on a firms systemic risk profile. The Federal Reserve is monitoring compliance with the capital standards through the supervisory process, including through horizontal reviews and regular communication and outreach with home country supervisors. Capital Planning and Stress Testing In 2011, the Federal Reserve issued a final rule imposing capital planning requirements on bank holding companies with total consolidated assets of $50 billion or more, and in 2012, the Federal Reserve issued a final rule imposing company-run and supervisory stress test requirements on these bank holding companies. The Federal Reserves associated supervisory programs, CCAR and DFAST, are cornerstones of the supervisory program, and assess firms capital planning practices and capital adequacy on a post-stress basis. In 2015, the Federal Reserve released guidance to consolidate its expectations for capital planning and to highlight the elevated expectations for larger, more complex firms. In 2017, the Federal Reserve adopted a rule to reduce the burden associated with the qualitative aspects of CCAR for the less complex firms. Liquidity Standards The Federal Reserve, FDIC, and OCC have also enhanced regulation of banking organizations by imposing a new liquidity requirement, the liquidity coverage ratio, on these firms. Leverage-based Standards In 2013 and 2014, the Federal Reserve Board, FDIC and OCC issued final rules to adopt the supplementary leverage ratio requirement and the enhanced supplementary leverage ratio requirement applicable to large banking organization and insured depository institutions. On April 11, 2018, the Federal Reserve Board and the OCC jointly proposed for public comment a rule that would further tailor the leverage surcharge to the business activities and risk profiles of the largest domestic firms. Recovery and Resolution Standards In 2016, the Federal Reserve finalized a rule to require GSIBs to maintain sufficient amounts of new long-term debt and total loss absorbing capacity (TLAC). In September 2017 the Federal Reserve Board issued a rule to facilitate the orderly resolution of a failed GSIB by limiting the ability of the firms qualified financial contract ("QFC ") counterparties to terminate such contracts immediately upon the entry of the GSIB or one of its affiliates into resolution. The Dodd-Frank Act also requires certain bank holding companies and nonbank financial companies designated by the FSOC to submit resolution plans to the Federal Reserve and the FDIC, explaining their orderly resolution under the Bankruptcy Code. Since 2012, the Federal Reserve and the FDIC have reviewed several iterations of resolution plans from U.S. bank holding companies and foreign banking organizations and have issued substantial feedback, including detailed public guidance for the largest and most complex domestic and non-U.S. banking organizations. On September 29, 2016, OCC issued guidelines that establish enforceable standards for recovery planning by its supervised institutions with average total consolidated assets of $50 billion or more. The final guidelines provide that a covered bank should develop and maintain a recovery plan that identifies triggers, the breach of which should always be escalated to senior management, the board of directors (board), or an appropriate committee of the board, as appropriate, for purposes of initiating a response. To identify triggers, a bank should design severe stress scenarios that would threaten its critical operations or cause the covered bank to fail if one or more recovery options were not implemented in a timely manner. The plan should identify a wide range of credible options that a covered bank could undertake in response to severe stress to restore its financial

strength and viability.

Non-Bank Financial Companies

The Federal Reserve has also taken action to ensure that nonbank financial companies designated by the FSOC are subject to consistent, comprehensive supervision. In 2016, the Federal Reserve requested public comment on its proposed consolidated financial reporting requirements for those nonbank financial companies designated by the FSOC with significant insurance activities. In 2016, the Federal Reserve issued proposed enhanced risk management and liquidity risk management requirements as required by section 165 of the Dodd-Frank Act for non-bank financial companies with significant insurance activities that the FSOC has determined shall be supervised by the Federal Reserve. As required under the Dodd-Frank Act, these standards would apply consistent liquidity, corporate governance, and risk-management standards to the firms and require the firms to employ a chief risk officer and chief actuary. In 2016, the Federal Reserve also issued an advance notice of proposed rulemaking on capital requirements for insurance SIFIs and other supervised insurance firms.

Enhanced Consolidated Supervision

The Federal Reserve established the Large Institution Supervision Coordinating Committee (LISCC) in 2010. The LISCC coordinates the Federal Reserves supervision of domestic bank holding companies and foreign banking organizations that pose elevated risk to U.S. financial stability as well as other nonbank financial companies designated by the FSOC. The LISCC supervisory program is designed to combine firm-specific, safety-and-soundness perspectives with a broader, horizontal view of the industry to anticipate and mitigate threats to financial stability. Key characteristics of the LISCC program include: - Micro- and macro-prudential perspectives; - Multi-disciplinary and Federal Reserve System-wide input into the direction and execution of the supervisory program, including input from supervisors, research economists, payment system experts, and market analysts, from the Board and the Reserve Banks; - Formal horizontal examinations, periodic stress-testing, and scenario analysis; and - Increased collection and use of consistently reported and timely firm-specific data. As noted in prior reports, the Federal Reserve continues to supervise non-bank financial companies designated by the FSOC for supervision by the Federal Reserve based on the Federal Reserves "Consolidated Supervision Framework for Large Financial Institutions”, established in SR 12-17, issued on December 17, 2012. The consolidated supervision framework provides core areas of focus (capital, liquidity, governance and recovery and resolution) and supervisory expectations aimed at enhancing the resiliency of large financial institutions and reducing the impact on the financial system and the broader economy in the event of a large financial institutions failure or material weakness. (See further detail on LISCC in SR letter 12-17/CA letter 12-14, Consolidated Supervision Framework for Large Financial Institutions.) In 2017, the Board requested public comment on a proposal to better align the Boards rating system for large financial institutions with the post-crisis supervisory program for these firms. The Board also requested comment on guidance setting forth principles of an effective board of directors and expectations for senior management, the management of business lines, and independent risk management and controls. Following the financial crisis, the OCC developed as part of its supervisory process a set of "heightened expectations” to strengthen the governance and risk management practices of large national banks and federal savings associations and to enhance the agencys supervision of those institutions. The program emphasized strong internal control and audit functions and the responsibility of boards to present a credible challenge to management. On September 11, 2014, the OCC issued formal enforceable guidelines - "heightened standards --that establish minimum standards for the design and implementation of a risk governance framework and provide minimum standards for oversight of that framework by the board of directors. These guidelines apply to insured institutions with average total consolidated assets of $50 billion or more. The standards became effective November 10, 2014 on a phased-in timetable, depending on an institutions asset size, to May 10, 2016, when all covered institutions were to have implemented the standards.

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

Update and next steps: highlight main developments since 2019 survey
The Federal Reserve Board, FDIC, and OCC issued final rules regarding the adjustments to the enhanced prudential standards in October 2019. The final rules tailored the agencies regulations for large domestic and foreign banks to more closely match their risk profiles and to reduce compliance requirements for firms with less risk while maintaining the most stringent requirements for the largest and most complex banks. The final rules established a framework that sorts banks with $100 billion or more in total assets into four different categories based on several factors, including asset size, cross-jurisdictional activity, reliance on short-term wholesale funding, nonbank assets, and off-balance sheet exposure. The final rules impact capital standards, leverage standards, capital planning and stress testing, liquidity regulations, and recovery and resolution standards. In March 2020, the Federal Reserve Board adopted a final rule to integrate the forward-looking stress test results with the Boards non-stress capital requirements, resulting in a buffer requirement (the stress capital buffer) for large banking organization that are firm-specific and risk-sensitive. In an effort to increase transparency and align the Federal Reserves supervisory program with the risk-based categories in its regulatory framework, the Federal Reserve Board issued SR letter 20-30 that defines the financial institutions subject to LISCC supervisory program as: (i) a U.S. banking organization subject to Category I standards under the Boards tailoring framework, (ii) any non-commercial, non-insurance savings and loan holding company that would be identified for Category I standards if it were a bank holding company, (iii) any foreign banking organization whose combined U.S. operations would be identified for Category I standards if it were a bank holding company, and (iv) any nonbank financial institution designated as systemically important by the FSOC. In October 2020, the U.S. banking agencies issued the Net Stable Funding Ratio final rule, which requires large banking organizations to hold a minimum amount of stable funding based on their risk profile.

Update and next steps: planned actions (if any) and expected commencement date
The Federal Reserve Board is furthering the goals of implementing final rules and reporting forms applicable to insurance SIFIs by considering comments on the proposed enhanced prudential standards for insurance SIFIs and proposed reporting requirements for insurance SIFIs. The federal banking agencies are working to implement the Basel III post-crisis reforms in the United States through the normal rulemaking process.

Relevant web-links: please provide web-links to relevant documents
http://www.treasury.gov/initiatives/fsoc/Documents/Nonbank%20Designations%20-%20Final%20Rule%20and%20Guidance.pdf http://www.occ.gov/news-issuances/news-releases/2014/nr-occ-2014-117a.pdf http://www.federalreserve.gov/newsevents/press/bcreg/20150720b.htm http://www.federalreserve.gov/bankinforeg/ccar.htm http://www.federalreserve.gov/bankinforeg/dfa-stress-tests.htm https://www.federalreserve.gov/bankinforeg/srletters/sr1518.htm https://www.federalreserve.gov/bankinforeg/srletters/sr1519.htm https://www.federalreserve.gov/newsevents/press/bcreg/20170130a.htm https://www.federalreserve.gov/newsevents/press/bcreg/20160503a.htm https://www.federalreserve.gov/newsevents/press/bcreg/20161213a.htm https://www.federalreserve.gov/newsevents/press/bcreg/20150720a.htm https://www.federalreserve.gov/bankinforeg/srletters/sr1507.htm https://www.federalreserve.gov/newsevents/press/bcreg/20150720b.htm https://www.federalreserve.gov/newsevents/press/bcreg/20160413a.htm https://www.federalregister.gov/documents/2016/04/25/2016-09456/proposed-agency-information-collection-activities-comment-request https://www.federalregister.gov/documents/2016/04/25/2016-09456/proposed-agency-information-collection-activities-comment-request https://www.federalreserve.gov/reportforms/formsreview/FR2085_20160421_f_draft.pdf https://www.federalreserve.gov/reportforms/formsreview/FR2085_20160421_i_draft.pdf https://www.gpo.gov/fdsys/pkg/FR-2016-06-14/pdf/2016-14005.pdf https://www.gpo.gov/fdsys/pkg/FR-2016-06-14/pdf/2016-14004.pdf https://www.gpo.gov/fdsys/pkg/FR-2016-06-01/pdf/2016-11505.pdf https://www.federalreserve.gov/newsevents/press/bcreg/20160603a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180410a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20170803a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180104a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190408a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181031a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190205a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190306b.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190418a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190416a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181102a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191010a.htm https://www.federalreserve.gov/supervisionreg/srletters/sr2030.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200304a.htm https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20201020b1.pdf

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

G20/FSB Recommendations

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

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

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

III9: Enhancing supervision - Supervisory exchange of information and coordination

G20/FSB Recommendations

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

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

Remarks

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
01.07.2010

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Other actions: Supervisors are exchanging information and improving coordination in a number of ways, e.g., through supervisory colleges and through participation in all of the major international efforts to improve supervisory responses to developments that have a common effect across a number of institutions. IOSCO members, including the SEC and the CFTC, also continue to develop bilateral supervisory MOUs in accordance with IOSCO”s Principles for Supervisory Cooperation. States with IAIGs, as well as the Federal Reserve, have or will likely soon execute information sharing agreements. Eighteen states representing over 50 percent of US premium, along with more than sixty other jurisdictions, have signed the IAIS MMoU, a multilateral agreement that facilitates the exchange of information amongst international insurance regulators. U.S. agencies involved in Financial Stability Board (FSB) workstreams continue to work through CMGs, information sharing and cross-border cooperation agreements, and memoranda of understanding in accordance with the timelines established by the FSB’s Cross-border Crisis Management group and the Resolution Steering Group to share information and develop best practices for resolution. U.S. agencies have executed firm-specific cooperation agreements with host authorities for all seven of the U.S. G-SIBs with significant cross-border operations. In addition, as noted above, U.S. agencies are in regular communication and outreach with home and host country supervisors to discuss emerging issues, including those related to regulatory requirements and supervisory issues. U.S. agencies also negotiate and enter into bilateral MOUs with supervisory counterparts to ensure effective information sharing and cross-border cooperation that are not firm-specific.

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

Update and next steps: highlight main developments since 2019 survey

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

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

III10: Enhancing supervision - Strengthening resources and effective supervision

G20/FSB Recommendations

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

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

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

Remarks

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

Progress to date:
Implementation completed

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

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

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

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The Federal Reserve continues to enhance its supervisory program for the largest, most interconnected U.S. firms. In 2010, the Federal Reserve launched a national program, the Large Institution Supervision Coordinating Committee or LISCC, to coordinate the Federal Reserve's supervision of domestic bank holding companies and foreign banking organizations that pose elevated risk to U.S. financial stability and other nonbank financial companies designated by the FSOC. The program uses forward looking assessments of firm's resiliency, and evaluates both the safety and soundness of individual large financial institutions and the risks posed by those institutions to the broader financial system. The LISCC enables a multi-disciplinary input into the direction and execution of the supervisory program, and integrates multiple sources of data and information to detect risks and trends in the portfolio. (See SR letter 12-17 for a description of the LISCC supervisory program's objectives and core areas of focus.) The LISCC program integrates all firm-specific and horizontal work to assess firms in the core area of focus, and is overseen by a dedicated multi-disciplinary steering committee. The structure is intended to enable strong, consistent supervision across the LISCC portfolio. In 2019, the Federal Reserve assigned supervisory ratings to LISCC firms under a new rating system that better aligns with the supervisory program for these firms. Additionally, resources are drawn from other parts of the Federal Reserve System as needed. The fair amount of collaboration, coordination and opportunities for participation in on-site examination (as an examiner or observer) facilitate development of the necessary expertise to supervise these institutions. The Federal Reserve coordinates closely with the FDIC and OCC in supervising LISCC firms with FDIC and OCC-regulated subsidiaries, respectively. FHFA has established the Housing Finance Examiner Commissioning program and continues to provide training to its supervisory staff. FHFA also provides examination guidance to its staff to facilitate consistency in its supervisory approach to the regulated entities. The NAIC formed an Executive- level Innovation and Technology Task Force in 2017 charged with, among other things, providing a forum for the discussion of innovation and technological developments in the insurance sector in order to educate state insurance regulators on how these developments impact consumer protection, privacy, insurer and producer oversight, marketplace dynamics and through our Task Force meetings where regulators have invited numerous stakeholders in this arena to dialogue with them. The U.S. state based regulatory system aims to provide flexibility in terms of accommodating innovative products and services being developed. Dialogue is taking place to ensure regulation is not an obstacle to implementation while still ensuring state requirements intended to provide effective consumer protections are maintained. In February 2018 NAIC approved a strategic plan, State Ahead which is designed to give state regulators, through the NAIC, the tools, talent and technology to make informed regulatory decisions.

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

Update and next steps: highlight main developments since 2019 survey
In an effort to increase transparency and align the Federal Reserves supervisory program with the risk-based categories in its regulatory framework, the Federal Reserve Board issued SR letter 20-30 that defines the financial institutions subject to LISCC supervisory program as: (i) a U.S. banking organization subject to Category I standards under the Boards tailoring framework, (ii) any non-commercial, non-insurance savings and loan holding company that would be identified for Category I standards if it were a bank holding company, (iii) any foreign banking organization whose combined U.S. operations would be identified for Category I standards if it were a bank holding company, and (iv) any nonbank financial institution designated as systemically important by the FSOC.

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

Relevant web-links: please provide web-links to relevant documents
http://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/Housing-Finance-.aspx http://www.federalreserve.gov/bankinforeg/srletters/sr1507.htm https://www.federalreserve.gov/supervisionreg/srletters/sr2030.htm

IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

G20/FSB Recommendations

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

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

Remarks

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
30.11.2011 and 1.4.2012

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Other actions: The FSOC, chaired by the Secretary of the Treasury, has broad accountability to identify emerging risks to improve financial stability, to improve regulatory coordination and to identify market participants that require heightened supervision. The Dodd-Frank Act also gives regulators authority to take into account macro-prudential considerations in their regulation of financial firms. The FSOC may designate nonbank financial companies for enhanced prudential standards and supervision by the Federal Reserve if the FSOC finds that the firm’s material financial distress could threaten the financial stability of the United States. Designated firms are subject to the enhanced prudential standards described in section 165 of the Dodd-Frank Act. In addition, such firms are subject to prudential supervision by the Federal Reserve. The Office of Financial Research (OFR) was granted broad authority to gather information, in particular on parts of the financial system that fall outside the regulatory perimeter.

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

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
The FSOC continues to work to identify, analyze and coordinate responses to threats to financial stability. Since 2011, the FSOC has continued to issue annual reports that identify emerging threats to financial stability. The Federal Reserve also has incorporated macro-prudential considerations in its regulation and supervision. The NAIC continues to focus on macroprudential issues as they may impact the insurance industry. Several NAIC committees are engaged in this, including the Financial Analysis Working Group and the Financial Stability Task Force. The Financial Stability Task Force, in 2017 specifically added to its charges and launched its Macro Prudential Initiative. Additionally, the NAIC, Federal Insurance Office, and state insurance regulators will continue to be engaged in the work of the IAIS's Macroprudential Policy and Surveillance Working Group, including the Key Insurance Risks and Trends Survey and Global Insurance Market Report. The OFR repo market collection began in 2019. Data from this collection feeds into OFR's Short-Term Funding Monitor, launched in 2020.

Relevant web-links: please provide web-links to relevant documents
https://www.financialresearch.gov/data/files/fr-notice_ofr_cleared_repo_rule.pdf https://www.financialresearch.gov/press-releases/2019/02/12/office-of-financial-research-adopts-data-collection-rule/

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

G20/FSB Recommendations

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

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

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

Remarks

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

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

See, for reference, the following documents:

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

Progress to date:
Implementation completed

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

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

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

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
FSOC was established in 2010 by the Dodd-Frank Act to bring together federal and state financial regulators to look across the financial system to identify risks to the U.S. financial system. Specifically, the Council's statutory responsibilities are to identify risks to U.S. financial stability, promote market discipline, and respond to emerging threats to the stability of the U.S. financial system. In October 2012, the SEC proposed capital and margin requirements for security-based swap dealers ("SBSDs") and major security-based swap participants ("MSBSPs"), segregation requirements for SBSDs, and notification requirements with respect to segregation for SBSDs and MSBSPs. In October 2018, the Commission re-opened the comment period for 30 days (until November 19, 2018) for the proposed capital, margin, and segregation requirements for SBSDs and MSBSPs proposed in 2012. See Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers, Exchange Act Release No. 84409 (Oct. 11, 2018), 83 FR 53007 (Oct. 19, 2018). July 2013, the FDIC, Federal Reserve and OCC finalized rules implementing key provisions of Basel III, including the countercyclical capital buffer; in September 2014, these agencies finalized the liquidity coverage ratio, a rule for a standardized minimum liquidity requirement. In October 2012, the Federal Reserve issued rules for stress testing, which is a tool to help ensure that financial firms can weather a severe economic and financial downturn without posing significant risks to the general economy. In 2014 and 2015, the Federal Reserve finalized a rule for a risk-based capital surcharge and leverage surcharge for G-SIBs based on a firm's systemic risk profile. In October 2014, the CFTC issued a Notice of Proposed Rulemaking on Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants proposing draft implementing regulations for both initial margin and variation margin under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Other actions: The FSOC and member agencies are engaged in systematic monitoring of potential risks to the financial system. The FSOC's annual report reviews conditions at financial institutions, in financial markets, and across the broader economy for potential threats and makes recommendations to address emerging threats annually. These reviews include analysis of structural and cyclical issues and consider a wide range of factors, including asset valuations, debt and leverage, and maturity transformation. The OFR produces reports monitoring the evolution of similar factors regularly, including publishing a Financial Stability Vulnerabilities Monitor and an annual Financial Stability Report. The Federal Reserve publishes a Financial Stability Report and continues to communicate its assessment of vulnerabilities to financial stability regularly in its Monetary Policy Report; moreover, the Federal Reserve has communicated, in broad terms, how these assessments are used in the Board's determination of the appropriate setting of the countercyclical capital buffer. In December 2015, the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Farm Credit Administration, and the Federal Housing Finance Agency, collectively called the "Prudential Regulators," adopted rules to establish minimum margin and capital requirements for registered swap dealers, major swap participants, SBSDs, and MSBSP for which one of the Agencies is the prudential regulator. The requirements of the rule are effective 1 September 2016. On December 26, 2015, the CFTC approved a final rule on Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants. The new regulation addresses margin requirements for uncleared swaps entered into by swap dealers (SDs) or major swap participants (MSPs) (collectively Covered Swaps Entities or CSEs) that are not subject to margin requirements by the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Farm Credit Administration or the Federal Housing Finance Agency. The rule would require CSEs to post and collect initial margin when trading with SDs/MSPs and with financial end users (above a threshold exposure in uncleared swaps). With respect to variation margin, the rule would require daily cash payment for all trades between CSEs and SD/MSPs and daily posting for all trades between SD/MSPs and financial end users. The rule specifies requirements for the margin calculation, documentation, acceptable collateral and its safe keeping. On May 24, 2016, the CFTC adopted a final rule for the cross-border application of the margin requirements for uncleared swaps. The final rule generally requires CSEs to comply with the CFTC's margin requirements for all uncleared swaps in cross-border transactions, with a limited exclusion for certain non-U.S. CSEs. On December 2, 2016, the CFTC proposed rules establishing minimum capital requirements for CSEs that are not subject to the capital rules of the Prudential Regulators. In addition, the rules propose record-keeping, reporting and notification requirements for CSEs relative to their respective capital requirements. FHFA finalized its Enterprise Regulatory Capital Framework (ERCF) for Fannie Mae and Freddie Mac on November 18, 2020. The final rule implements a new framework for risk-based capital requirements and a revised minimum leverage capital requirement for the Enterprises.

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

Update and next steps: highlight main developments since 2019 survey
On June 25, 2020, the agencies finalized amendments to the swap margin rule. Under the final rule, entities that are part of the same banking organization generally will no longer be required to hold a specific amount of initial margin for uncleared swaps with each other, known as inter-affiliate swaps. The final rule provides firms additional flexibility to allocate collateral internally and support prudent risk management and safety and soundness. Inter-affiliate swaps will remain subject to variation margin requirements, and initial margin will still be required if a depository institutions total exposure to all affiliates exceeds 15 percent of its Tier 1 capital. To help transition from LIBOR to alternative reference rates, the final rule allows swap entities to amend legacy swaps to replace the reference to LIBOR or other reference rates that are expected to end without triggering margin exchange requirements. The final rule also clarifies that swap entities may conduct risk-reducing portfolio compression or make certain other non-substantive amendments to their legacy swap portfolios without altering their legacy status. For smaller swap market participants, additional phased compliance period were added for the smallest covered swap entities and financial end-user counterparties. In October 2020, the U.S. banking agencies issued the Net Stable Funding Ratio final rule, which requires large banking organizations to hold a minimum amount of stable funding based on their risk profile.

Update and next steps: planned actions (if any) and expected commencement date
The OFR repo market collection began in October 2019. Data from this collection now feeds into OFR's Short-Term Funding Monitor.

Relevant web-links: please provide web-links to relevant documents
https://www.sec.gov/rules/final/2019/34-86175.pdf http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2015-32320a.pdf http://www.cftc.gov/PressRoom/PressReleases/pr7192-15 https://www.gpo.gov/fdsys/pkg/FR-2015-11-30/pdf/2015-28670.pdf https://www.congress.gov/bill/114th-congress/house-bill/22/text http://www.federalreserve.gov/newsevents/press/bcreg/20130702a.htm https://www.federalreserve.gov/newsevents/press/bcreg/20160503a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191010a.htm https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200304a.htm https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20201020b1.pdf http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2015-32320a.pdf (Final Rule on Margin for Uncleared Swaps) http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-12612a.pdf (Final Rule: Cross-Border Application of the Margin Requirements for Uncleared Swaps) http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-29368a.pdf (Proposed Rules: Capital Requirements of Swap Dealers and Major Swap Participants) http://www.cftc.gov/idc/groups/public/@newsroom/documents/file/federalregister011317-a.pdf (Proposed Amendments to SDR provisions) https://www.financialresearch.gov/press-releases/files/FR-Notice_OFR_Repo.pdf https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Final-Capital-Rule-for-the-Enterprises.aspx https://www.financialresearch.gov/data/files/fr-notice_ofr_cleared_repo_rule.pdf https://www.financialresearch.gov/press-releases/2019/02/12/office-of-financial-research-adopts-data-collection-rule/ https://www.financialresearch.gov/data/interagency-data-inventory/ https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200625b.htm

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

G20/FSB Recommendations

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

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

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

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

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

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

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

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

G20/FSB Recommendations

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

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

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

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

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

Remarks

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

Jurisdictions may refer to the following documents:

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
27.7.2011

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The Dodd-Frank Act requires all Federal agencies to remove any reference to or requirement of reliance on credit ratings in any regulation that requires the use of an assessment of the credit-worthiness of a security or money market instrument. Each Federal agency must replace any such references to credit ratings with an appropriate standard of creditworthiness. In accordance with Section 939A of the Dodd-Frank Act, on July 27, 2011, the SEC adopted rule amendments removing references to credit ratings as one of the conditions for companies seeking to use short-form registration when registering securities for public sale. In December 2013, the SEC issued final rules removing references to credit ratings from rules that permit registered investment companies to look through repurchase agreements to the underlying collateral securities for certain purposes ,that apply to broker-dealer financial responsibility, distributions of securities, and confirmations of transactions. In September 2015, the SEC issued final rules to remove ratings from the rule governing the operation of money market funds. On June 13, 2012, the OCC adopted final rule amendments removing references to credit ratings from its regulations pertaining to investment securities, securities offerings, and foreign bank capital equivalency deposits. On the same day, the OCC also published guidance to assist banks in their exercise of due diligence to determine whether particular securities are “investment grade” when assessing credit risk for portfolio investments. On October 11, 2013, the OCC and Federal Reserve Board finalized revisions to their respective regulatory capital rules that included amendments to remove provisions that referenced credit ratings for the purpose of assigning risk-based capital requirements to certain types of assets, including securitization exposures. The FDIC finalized substantially similar revisions to its regulatory capital rules on September 10, 2013. In February 2011, the FDIC issued a rule eliminating the use of long-term debt issuer ratings for calculating risk-based assessments for large institutions. On June 12, 2012, the Federal Reserve Board, OCC and FDIC issued a joint final rule, under section 939(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act that replaced NRSRO credit ratings with a creditworthiness standard applied to state and federal savings associations” investments in corporate debt securities. The FDIC simultaneously issued final guidance that set forth due diligence standards for determining the credit quality of a corporate debt security. In February 2018, the FDIC approved a final rule that revised FDIC’s Part 347, to address references to credit ratings as a standard of creditworthiness and replace them with alternative standards. Between July and December 2011, the CFTC issued three final rules on removing reference to, or reliance on credit ratings in Commission regulations and proposed alternatives to the use of credit ratings, amending existing CFTC regulations in accordance with the Dodd-Frank Act. The first two final rules are applicable to futures commission merchants (“FCMs”), derivatives clearing organizations (“DCOs”), and commodity pool operators (“CPOs”). The third applies to designated contract markets (“DCMs”), DCOs, swap execution facilities (“SEFs”), and swap data repositories (“SDRs”), removing reference to credit ratings for these registrants. Furthermore, rulemaking has taken place with respect to intermediaries, to establish, maintain, and enforce a robust risk management system which is: independent, involves the due diligence and appropriate review of senior management, guided by policies and procedures, run by appropriate staff, and capable of identifying risk and tolerance limits. The NAIC employs nationally recognized statistical rating organization (NRSRO) ratings for assigning NAIC designations for bonds and preferred stock held by insurers. The process for translating rating agency ratings is determined and monitored by the NAIC”s Valuation of Securities Task Force (VOSTF). From time to time, adjustments or outright changes are made if, for example, the translation is deemed to no longer meet regulatory needs. An example of the latter is the decision of the NAIC to cease to rely on NRSRO ratings for non-agency RMBS and CMBS. The VOSTF also establishes guidelines used by the NAIC Securities Valuation Office (SVO) for determining NAIC designations to be used where NRSRO ratings do not exist, which occurs most often for true private placements. U.S. insurers are required to use NAIC SVO designations for financial reporting and RBC purposes. The process oversight and determination of designations provide a valid and credible regulatory credit assessment alternative to mechanistic reliance on rating agency ratings, and are appropriate for financial reporting and regulatory capital purposes. With respect to the FHLBanks, FHFA has undertaken three separate rulemakings to replace references to NRSRO credit ratings in its regulations. In 2013, FHFA adopted a final rule that replaced references to NRSRO credit ratings in the regulations that govern FHLBank investments with the term “investment quality,” which was defined to include only those instruments for which full and timely repayment was expected, even under adverse economic conditions. That rule also removed references to NRSRO credit ratings from other FHFA regulations dealing with FHLBank consolidated obligations and standby letters of credit. In 2016, FHFA adopted a final rule that replaced references to NRSRO credit ratings in its regulations governing the FHLBanks’ mortgage purchase program with the term “AMA investment grade.” That term was defined to include a determination made by a FHLBank with respect to a pool of mortgage loans that full and timely payment was expected, even under reasonably likely adverse changes to expected financial conditions. In February 2019, FHFA issued a final rule that revised the credit risk component of the risk-based capital requirement and the limitations on extensions of unsecured credit. The principal revisions to those provisions removed requirements that the Banks calculate credit risk capital charges and unsecured credit limits based on NRSRO credit ratings, and instead required the FHLBanks to use their own internal rating methodology. With respect to Fannie Mae and Freddie Mac, in Q3 2017, FHFA issued the Conservatorship Capital Framework (CCF), which does not rely on NRSRO ratings. (CCF has been superseded by the final Enterprise Regulatory Capital Framework issued on November 18, 2020.)

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http://www.sec.gov/rules/final/2011/33-9245.pdf http://www.sec.gov/rules/final/2013/33-9506.pdf http://www.sec.gov/rules/final/2013/34-71194.pdf http://www.sec.gov/rules/final/2015/ic-31828.pdf http://www.occ.gov/news-issuances/federal-register/77fr35253.pdf http://www.occ.gov/news-issuances/federal-register/77fr35259.pdf http://www.occ.gov/news-issuances/federal-register/78fr62018.pdf http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-18777a.pdf http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-18661a.pdf http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-31689a.pdf https://www.fdic.gov/regulations/laws/federal/2011/11FinalFeb25.pdf https://www.fdic.gov/regulations/laws/federal/2011/11proposedec21.pdf https://www.gpo.gov/fdsys/pkg/FR-2015-12-17/pdf/2015-31660.pdf https://www.federalregister.gov/documents/2016/06/28/2016-15096/alternatives-to-references-to-credit-ratings-with-respect-to-permissible-activities-for-foreign https://www.fhfa.gov/SupervisionRegulation/Rules/Pages/Acquired-Member-Assets-Final-Rule.aspx https://www.gpo.gov/fdsys/pkg/FR-2015-12-17/pdf/2015-31660.pdf https://www.fhfa.gov/SupervisionRegulation/Rules/Pages/Federal-Home-Loan-Bank-Capital-Requirements-Final-Rule.aspx https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Final-Capital-Rule-for-the-Enterprises.aspx

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

G20/FSB Recommendations

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

Remarks

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

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

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

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

See, for reference, the following BCBS documents:

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

Progress to date:
Implementation completed

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

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

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

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The U.S. Securities and Exchange Commission (SEC) has the responsibility under the U.S. securities laws to establish accounting standards for public companies, and has recognized the Financial Accounting Standards Board (FASB) as a designated private sector accounting standard setter. U.S. Generally Accepted Accounting Principles (GAAP) accounting standards are issued by the FASB and considered a basis of accounting that is high quality. To fulfill its oversight responsibilities, the SEC staff works closely with the FASB to ensure that U.S. GAAP is of high quality and can be consistently applied. U.S. GAAP financial statements are subject to external audit by public accounting firms. Furthermore, based on company parameters, the audits include audits of internal controls over financial reporting as well as governance requirements pursuant to federal legislation (Sarbanes-Oxley Act of 2002 and 12 U.S.C. 1831m). SEC staff selectively reviews corporate filings to monitor and enhance compliance with applicable disclosure and accounting requirements and brings enforcement actions when appropriate. Additionally, the SEC is a member of IOSCO, which maintains a database and discussion arrangements for sharing securities regulators’ experiences on International Financial Reporting Standards (IFRS) application around the world. IOSCO’s Committee 1 meets periodically with the IASB staff to discuss these matters, and coordinates periodic database conference calls to discuss IOSCO members’ emerging IFRS issues. Prudential Supervision of Banks: Regulatory reports of a financial reporting nature filed with the U.S. banking agencies follow U.S. GAAP. U.S. banking regulators regularly monitor significant changes to accounting standards that may significantly affect financial institutions and routinely provide comments on such proposals. The banking regulators also routinely meet with standard setters, representatives from audit firms and financial institutions, and the SEC to discuss financial accounting and implementation matters. In addition, the U.S. banking agencies are also members of the Basel Committee’s Accounting Experts Group where global accounting and auditing issues are addressed. U.S. banking regulators regularly issue regulatory reporting guidance that is consistent with U.S. GAAP and issue policy guidance as necessary. Supervision of Insurance Companies: Similar to the U.S. banking regulators, the Federal Insurance Office (FIO), the Federal Reserve, state insurance regulators and the National Association of Insurance Commissioners (NAIC) regularly consult with key constituents in the accounting and auditing professions, including standard-setters, audit firms, financial institutions and trade groups to facilitate understanding of domestic and international practices; proposed accounting, auditing and regulatory standards; and the interactions between accounting standards and regulatory reform efforts. The FIO, the Federal Reserve, state insurance regulators and the NAIC are the U.S. based members of the International Association of Insurance Supervisors (IAIS). The U.S. based members participate in the IAIS Accounting and Auditing Working Group, representing their respective organizations at international meetings on accounting, auditing and disclosure issues affecting global insurance organizations.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
FASB ASU 2016-13 Financial InstrumentsCredit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments: http://fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176168232528&acceptedDisclaimer=true U.S. federal financial institutions regulatory agencies Joint Statement on the New Accounting Standard on Financial Instruments - Credit Losses: https://www.occ.gov/news-issuances/news-releases/2016/nr-ia-2016-69a.pdf U.S. federal financial institutions regulatory agencies" Frequently Asked Questions on the New Accounting Standard on Financial Instruments - Credit Losses: https://www.occ.gov/news-issuances/bulletins/2016/bulletin-2016-45a.pdf FASB ASU 2016-02 Leases (Topic 842): http://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176167901010&acceptedDisclaimer=true FASB ASU 2018-19: Codification Improvements to Topic 326, Financial Instruments-Credit Losses: https://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176171644373&acceptedDisclaimer=true

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

G20/FSB Recommendations

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

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

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

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

Remarks

Jurisdictions should indicate the measures taken in the following areas:

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

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
3.9.2014

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Liquidity and Risk Management The Federal Reserve Board, along with the FDIC and OCC, finalized the Basel III liquidity coverage ratio (LCR) for large U.S. banking firms in 2014. On December 19, 2016, the Federal Reserve Board finalized a rule to implement public disclosure requirements for the LCR rule. In 2017, the federal banking agencies issued frequently asked questions that provide responses to questions that have been received regarding how the rule applies in specific situations. In 2014, the Federal Reserve Board approved a final rule strengthening supervision and regulation of large U.S. bank holding companies and foreign banking organizations, as required by section 165 of the Dodd-Frank Act. The final rule establishes a number of enhanced prudential standards for large U.S. bank holding companies and foreign banking organizations to help increase the resiliency of their operations. These standards include liquidity, risk management, and capital. For example, the rule requires certain banking organizations to comply with enhanced risk-management and liquidity risk-management standards, conduct liquidity stress tests, and hold a buffer of highly liquid assets based on projected funding needs during a 30-day stress event. It also requires a foreign banking organization with a significant U.S. presence to establish an intermediate holding company over its U.S. subsidiaries, which will facilitate consistent supervision and regulation of the U.S. operations of the foreign bank. In 2016, the Federal Reserve Board, the FDIC, and the OCC issued guidance to address weaknesses observed in large financial institutions” funds transfer pricing (FTP) practices related to funding risk and contingent liquidity risk. The guidance builds on the principles of sound liquidity risk management described in the “Interagency Policy Statement on Funding and Liquidity Risk Management” issued by the Federal Reserve Board, FDIC, and OCC, and in the “Principles for Sound Liquidity Risk Management and Supervision” issued by the Basel Committee on Banking Supervision. In 2015, the Federal Reserve Board issued guidance to explain its supervisory expectations for capital planning at (1) Large Institution Supervision Coordinating Committee (LISCC), (2) large and complex bank holding companies and intermediate holding companies of foreign banking organizations, and (3) large and noncomplex bank holding companies and intermediate holding companies of foreign banking organizations. These expectations are consistent with the broad supervisory expectations set forth in SR letter 12-17/CA letter 12-14, “Consolidated Supervision Framework for Large Financial Institutions.” The guidance provides the Federal Reserve Board’s core capital planning expectations for these firms, building upon the capital planning requirements in the Federal Reserve Board’s capital plan rule and stress test rules. In 2016, the federal banking agencies issued for comment an advanced notice of proposed rulemaking regarding enhanced cyber risk management standards for large and interconnected entities and those entities” service providers. Stress Testing In October 2012, the Federal Reserve Board published two final rules with stress testing requirements for certain bank holding companies, state member banks, and savings and loan holding companies. The final rules implement sections 165(i)(1) and (i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), which require supervisory and company-run stress tests. Nonbank financial companies designated by the FSOC will also be subject to certain stress testing requirements contained in the rules. On October 9, 2012, the OCC published its final annual stress test rule (12 CFR 46), which set out definitions and rules for scope of application, scenarios, reporting, and disclosure. The OCC provides the required scenarios to the covered institutions by November 15 of each year. The results of the company-run stress tests provide the OCC with forward-looking information that is used in bank supervision and assists the agency in assessing the company’s risk profile and capital adequacy. FHFA-regulated entities: FHFA has issued supervisory guidance conveying its supervisory expectations to the regulated entities and continues to develop additional guidance to address emerging risk and enhance existing guidance. In recent years, FHFA has issued guidance in the form of Advisory Bulletins on risk management for liquidity risk, operational risk and cyber security. The regulated entities do not have foreign currency risks. Beginning in 2014, FHFA required Fannie Mae, Freddie Mac, and each individual Federal Home Loan Bank to conduct stress tests pursuant to the Dodd-Frank Act. FHFA generally aligns the stress test scenario variables and assumptions with those used by the Board of Governors of the Federal Reserve System in its annual Dodd-Frank Act stress tests.

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

Update and next steps: highlight main developments since 2019 survey
On October 20, 2020, the federal banking agencies finalized a rule to strengthen the resilience of large banking organizations by requiring them to maintain a minimum level of stable funding relative to the liquidity of their assets, derivatives, and commitments, over a one-year period. This Net Stable Funding Ratio final rule complements the liquidity coverage ratio rule, discussed above. The final rule applies to large U.S. banking organizations and is tailored to the risk of the banking organizations. Holding companies subject to the final rule are required to publicly disclose information about their NSFR levels each quarter. In March 2020, the Federal Reserve Board adopted a final rule to integrate the forward-looking stress test results with the Boards non-stress capital requirements, resulting in a buffer requirement (the stress capital buffer) for large banking organization that are firm-specific and risk-sensitive.

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

Relevant web-links: please provide web-links to relevant documents
http://www.occ.gov/news-issuances/news-releases/2016/nr-ia-2016-52.html http://www.federalreserve.gov/boarddocs/srletters/2010/sr1006.htm http://www.federalreserve.gov/newsevents/press/bcreg/20131024a.htm http://www.federalreserve.gov/newsevents/press/bcreg/20121009a.htm http://www.federalreserve.gov/newsevents/press/bcreg/20140218a.htm http://www.fhfa.gov/SupervisionRegulation/DoddFrankActStressTests https://www.federalreserve.gov/bankinforeg/srletters/sr1603.htm https://www.federalreserve.gov/bankinforeg/srletters/sr1518.htm https://www.federalreserve.gov/bankinforeg/srletters/sr1519.htm https://www.federalreserve.gov/newsevents/press/bcreg/bcreg20161219a1.pdf https://www.federalreserve.gov/newsevents/press/bcreg/bcreg20161019a1.pdf https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20201020b1.pdf

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

G20/FSB Recommendations

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

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

Remarks

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

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

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

Progress to date:
Implementation completed

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

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

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

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

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The Financial Accounting Standards Board (FASB) issued two accounting standard in 2010: “Improving Disclosures about Fair Value” and “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” The disclosures provide users of financial statements with additional information about the nature of a reporting entity”s market and credit risks inherent in financial instruments they hold and issue. In 2013, the FASB issued “Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities.” The amendments clarify requirements for the level within the fair value hierarchy (Levels 1, 2, and 3 corresponding to ready marketability of a financial instrument) within which the fair value measurements are categorized, and reducing disclosure requirements for nonpublic entities holding or issuing instruments items that are not measured at fair value in the balance sheet. More recently, the FASB has issued guidance for improved disclosure in connection with specific, newly issued Accounting Standards Updates. Additional disclosure is or will be required for short-duration insurance contracts, credit losses, revenue recognition, classification and measurement of financial instruments, and leases when those amendments to U.S. GAAP become effective. For broker-dealers that compute deductions to net capital pursuant to Appendix E to Exchange Act Rule 15c3-1, the SEC has authority to request information that it deems necessary to understand the financial and operational condition of a broker-dealer. Since the financial crisis, SEC staff has requested additional metrics covering specific risk exposures on both an ad hoc and recurring basis. With regard to insurance regulation in the U.S., state insurance regulators use statutory accounting, which includes disclosure of the GAAP fair value hierarchy level for instruments carried at fair value, and the standardized reporting that insurers are required to submit for various purposes, including monitoring the overall risk and financial condition of the industry as a whole. This includes security by security listings and identification of restrictions such as pledges and repurchase agreements, concentration disclosures in the Supplemental Risk Interrogatories, and detailed risk descriptions for the various investment classes in the notes to financial statements. The CFTC has enhanced its customer protection regime over Futures Commission Merchants (FCM) operating in the futures and cleared swap markets. As part of these enhancements, FCMs are now required under Regulation 1.55 to provide firm specific disclosures to customers, including but not limited to, most recent financial data, significant business lines, and other material operating information. The Federal Reserve Board issued a final rule in December 2016 that requires certain companies subject to the liquidity coverage ratio (LCR) rule to publicly disclose information about their LCR results in a standardized tabular format. These companies are required to provide the disclosures after each calendar quarter. In 2018, the NAIC finalized its expectations with respect to the Form F enterprise risk report through the issuance of an implementation guide dated March 24, 2018.

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=81eedd5ca275d84f5eaf694af12003be&rgn=div8&view=text&node=17:3.0.1.1.1.2.95.328&idno=17 https://www.federalreserve.gov/newsevents/pressreleases/bcreg20161219a.htm

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

G20/FSB Recommendations

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

Remarks

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

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

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
15.11.2016

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The United States has two federally mandated, explicit deposit insurance systems depending on the type of institution: (1) deposits in banks and savings associations (thrifts) are insured by the Federal Deposit Insurance Corporation (FDIC); and (2) deposits in credit unions are insured under a separate legislative mandate by the National Credit Union Administration (NCUA). There were no weaknesses or gaps to full implementation of the Core Principles for Effective Deposit Insurance Systems identified for the U.S. system in the FSB's peer review on deposit insurance systems.

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

Update and next steps: highlight main developments since 2019 survey
A self-assessment of compliance with the revised IADI Core Principles for Effective Deposit Insurance Systems was completed in 2019 and published in 2020.

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

Relevant web-links: please provide web-links to relevant documents
https://www.gpo.gov/fdsys/pkg/FR-2016-03-25/pdf/2016-06770.pdf

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

G20/FSB Recommendations

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

Remarks

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

Jurisdictions should indicate the progress made in implementing the recommendations:

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
01.10.2011

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Recommendations from the Final Report on Regulatory Issues raised by the Impact of Technological Changes on Market Integrity and Efficiency (Recommendations) 1-5 and Principles from the Final Report on Principles for Dark Liquidity (Dark Liquidity Principles) 1-6 are already covered by various provisions of the Securities Exchange Act of 1934, the rules and regulations thereunder and various self-regulatory organization rules. However, the SEC continually evaluates all aspects of market structure, including the issues described in the Recommendations and Dark Liquidity Principles. On June 4, 2013, the CFTC adopted final rules regarding the Core Principles and Other Requirements for Swap Execution Facilities (SEF Final Rules). The SEF Final Rules requires a Swap Execution Facility (SEF) to establish and maintain risk control mechanisms to reduce the potential risk of market disruptions. To help enhance efficiency of the to-be-announced (TBA) market in which pass-through mortgage-backed securities issued by Fannie Mae, Freddie Mac, and Ginnie Mae are traded, FHFA directed Fannie Mae and Freddie Mac to develop a new uniform mortgage-backed security (UMBS). The program, launched on June 3, 2019, strengthens the U.S. mortgage market by expanding liquidity in the TBA market, thereby lowering the cost of housing finance and benefitting borrowers, taxpayers, and investors.

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
SEC Roundtables: https://www.sec.gov/spotlight/equity-market-structure-roundtables. SEC Roundtable on Regulatory Approaches to Combating Retail Investor Fraud: https://www.sec.gov./news/press-release/2018-200 SEC Market Data and Market Access Roundtable: https://www.sec.gov/news/press-release/2018-210. SEC concept release to review the US equity market structure: http://www.sec.gov/rules/concept/2010/34-61358.pdf SEC ATS Amendments: https://www.sec.gov/rules/final/2018/34-83663.pdf Core Principles and Other Requirements for Swap Execution Facilities: http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2013-12242a.pdf CFTC Concept Release: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2013-22185a.pdf CFTC Regulation AT: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2015-30533a.pdf CFTC Supplemental Proposal for Regulation AT: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-27250c.pdf https://www.fhfa.gov/PolicyProgramsResearch/Policy/Pages/Securitization-Infrastructure.aspx

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

G20/FSB Recommendations

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

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

Remarks

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

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
22.7.2011 and 29.5.2014

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The CFTC large trader reporting program for futures ("LTRP") requires daily reports to the CFTC with respect to commodity futures and options positions held above a CFTC-specified level. In 2011, the CFTC issued final regulations expanding the LTRP to swaps on certain physical commodities. In 2012, the CFTC adopted the Final Rulemaking on Core Principles and Other Requirements for Designated Contract Markets ("DCM Final Rules"). The Commodity Exchange Act (CEA) section 4a, as amended by the Dodd-Frank Act, provides the Commission with broad authority to set position limits. CEA section 5(d)(2) requires designated contract markets ("DCMs") to establish, monitor, and enforce compliance with rules prohibiting abusive trade practices, have the capacity to detect, investigate, and sanction persons that violate its rules, and obtain any necessary information, including the capacity to carry out any international information sharing agreements as required by the CFTC. CEA section 5(d)(4) requires DCMs to have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures. CEA section 5(d)(5) provides that DCMs adopt position limits or position accountability as is necessary and appropriate to reduce the potential threat of market manipulation. CEA section 5(d)(8) requires DCMs to publish daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market. CEA section 5(d)(9) requires DCMs to provide a competitive, open and efficient market and mechanism for executing transactions that protects price discovery process of trading in the centralized market of the DCM. On June 4, 2013, the CFTC adopted final rules regarding the Core Principles and Other Requirements for Swap Execution Facilities (SEF Final Rules). CEA Section 5h(f)(2) requires SEFs to establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules. CEA section 5h(f)(4) requires SEFs to monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures. CEA section 5h(f)(5) requires SEFs to establish rules to obtain necessary information and provide the information to the CFTC upon request, and have the capacity to carry out any international information sharing agreements the CFTC requires. CEA section 5h(f)(6) provides that SEFs adopt position limits or position accountability as is necessary and appropriate to reduce the potential threat of market manipulation. CEA section 5h(f)(9) requires SEFs to publicize information on price, trading, volume, and other trading data on swaps. CEA section 4c(a) prohibits certain trading practices that are disruptive of fair and equitable trading. In 2011, the CFTC issued a proposed order to provide interpretive guidance regarding the three disruptive trading practices set forth in section 4c(a)(5) of the CEA. In 2012, the CFTC issued final rules implementing a framework for real-time reporting of swap transaction data. CEA section 2(a)(13)(G) requires all swaps, including commodity swaps, to be reported to a swap data repository ("SDR"). CEA section 21(b) directs the CFTC to prescribe standards for swap data reporting and requires SDRs to provide direct access to the CFTC. In 2012, the CFTC issued final rules establishing requirements for reporting swaps data to an SDR. For swaps executed on a SEF or DCM, data is to be reported by the SEF or DCM to the SDR. CEA section 2(a)(13) establishes standards and requirements for the real-time reporting and public availability of certain swap transaction and pricing data.

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

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
The CFTC is considering proposing rule changes to the rules for swap data repositories.

Relevant web-links: please provide web-links to relevant documents
CFTC LTRP Rules: http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-18054a.pdf CFTC OCR Final Rule: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2013-26789a.pdf The Commodity Exchange Act: http://www.law.cornell.edu/uscode/html/uscode07/usc_sup_01_7_10_1.html CFTC Final Rule on Swap Data Recordkeeping and Reporting Requirements: http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-33199a.pdf (Final Rule); and, http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-14414a.pdf (Amendments to Final Rule) CFTC Final Rule on Real Time Public Reporting of Swap Transaction Data: http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2011-33173a.pdf Compliance Date and Time Delay Phase Ins for Real Time Reporting: http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/phasein_realtime.pdf Appendix C - Time Delays for Public Dissemination: http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/tdpdissemination.pdf CFTC Final Rulemaking on Procedures to Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades: http://www.cftc.gov/LawRegulation/DoddFrankAct/Rulemakings/DF_18_RealTimeReporting/ssLINK/2013-12133a Breakdown of Notional Caps for Real Time Reporting: http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/rtr_notionalcaps.pdf CFTC Final Rulemaking on Core Principles and Other Requirements for Designated Contract Markets: http://www.cftc.gov/LawRegulation/DoddFrankAct/Rulemakings/DF_12_DCMRules/ssLINK/2012-12746 CFTC Final Rulemaking on Core Principles and Other Requirements for Swap Execution Facilities: http://www.cftc.gov/LawRegulation/DoddFrankAct/Rulemakings/DF_13_SEFRules/ssLINK/2013-12242 CFTC Disruptive Trading Practices Order: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2011-6398a.pdf and http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2011-6399a.pdf CFTC Position Limits for Derivatives Reproposal: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-29483a.pdf CFTC Aggregation of Positions Final Rule: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-29582a.pdf CFTC Final Rules on System Safeguards Testing Requirements: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-22174a.pdf CFTC Final Rules on System Safeguards Testing Requirements for DCOs: http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2016-22413a.pdf

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

G20/FSB Recommendations

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

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

X22: Enhancing financial consumer protection - Enhancing financial consumer protection

G20/FSB Recommendations

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

Remarks

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

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

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

Progress to date:
Implementation completed

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

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

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
21.7.2011

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

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
CFPB Established by the 2010 Dodd-Frank Act, the Consumer Financial Protection Bureau (CFPB) became fully operational in July 2011. It assumed responsibility for writing regulations implementing many consumer financial services laws. The Dodd-Frank Act also charged the CFPB with conducting and making public studies on several consumer protection related issues associated with specific financial services, including remittances and credit scores. The CFPB is also responsible for consumer protections supervision of large deposit-taking institutions (>$10 billion in assets), large non-deposit-taking institutions active in the offering financial services to consumers, and all non-deposit-taking institutions providing mortgages and mortgage related services, student loans, and payday lenders. The Federal Insurance Office (FIO), pursuant to its authority under the Dodd-Frank Act, is authorized to “to monitor the extent to which traditionally underserved communities and consumers, minorities . . . and low- and moderate-income persons have access to affordable insurance products regarding all lines of insurance, except health insurance.” 31 U.S. Code § 313(C)(1)(B). The mission of the NAIC Market Regulation and Consumer Affairs (D) Committee is to monitor all aspects of the market regulatory process for continuous improvement. This includes market analysis, regulatory interventions with companies and multi-jurisdictional collaboration. The Committee will also review and make recommendations regarding the underwriting and market practices of insurers and producers as those practices affect insurance consumers, including the availability and affordability of insurance. All state insurance regulatory agencies have a consumer protection department to address consumer complaints and inquiries. According to the most recent version of the NAIC Insurance Department Resources Report, in 2015, state insurance regulators responded to 299,625 consumer complaints and 1,878,057 consumer inquiries. State regulators continue to collect market-related information for personal lines annuities, life insurance, long term care insurance, homeowners insurance, and private passenger automobile insurance through the Market Conduct Annual Statement. This information includes key details regarding the timing of claim payments and policy replacements. In February 2016, state regulators appointed a Big Data (D) Working Group to explore insurers” use of big data for claims, marketing, underwriting, and pricing.

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

Update and next steps: highlight main developments since 2019 survey

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

Relevant web-links: please provide web-links to relevant documents
http://www.consumerfinance.gov/regulations https://www.treasury.gov/initiatives/fio/reports-and-notices/Pages/default.aspx

List of abbreviations used

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