Jurisdiction : **Germany**

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Refining the regulatory perimeter**				
1 (2) (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London) We agree to strengthen the regulation and oversight of the shadow banking system.[1] (Cannes)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc. Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report*: Shadow Banking: Strengthening Oversight and Regulation*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Germany has implemented the European Alternative Investment Fund Managers Directive into national law . Monitoring of structural developments in the financial system is an integral part of macro-prudential analyses and is conducted by relevant authorities in Germany (BaFin, Deutsche Bundesbank, and German government). It also encompasses reviewing the adequacy of the respective scope of regulation. The micro perspective exercised by prudential supervisors focuses on structural developments on a more granular level. Relevant authorities in Germany share their views in different national committee structures. Intensified monitoring of the shadow	**Planned actions (if any):** Germany aims to implement further measures in line with the proposals currently being developed by the EU Commission . **Expected commencement date:** **Web-links to relevant documents:** http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Meldung/2013/meldung_130722_kapitalanlagegesetzbuch_en.html

[1] This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				banking system by Bundesbank and BaFin within their organisations and jointly within the respective structures. The analysis and results are also being shared with the FSB as part of its annual monitoring of the shadow banking system. The quality and granularity of relevant data will be enhanced continuously. **Status of progress :** ☒ Draft in preparation, expected publication by: 2013 **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	

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II.	**Hedge funds**				
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	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)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Germany has in force a regulatory framework for hedge funds. This framework sets out regulation for managers of hedge funds as well as for hedge funds themselves. According to this regulation, for example, both managers and funds are subject to an approval process. BaFin takes part in IOSCO Survey on Hedge Funds (via Task Force on Unregulated Entities), covering systemically relevant information about hedge funds. For further information in respect to the Alternative Investment Fund Managers Directive (AIFMD), please refer to the EU-COM answer. **Status of progress :** ☐ Draft approved and in force/to be in force from/by: 22.07.2013 ☐ Reform effective (completed) as of:	**Planned actions (if any):** **Expected commencement date:** AIFMD is implemented and in force in the German KAGB since July 2013. **Web-links to relevant documents:** see-above

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				22.07.2013 **Short description of the content of the legislation/ regulation/guideline:** see-above **Web-links to relevant documents:** see-above	

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3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: BaFin cooperates and shares information with authorities on the basis of relevant IOSCO and ESMA MoU Besides that, the AIFM Directive demands the closure of cooperation agreements (MoU) in case of existing AIF business with third country NCAs. The content of the MoU is regulated by an ESMA Guideline. The purpose of these agreements is to enable the signatories to exchange information on a regulated basis. It covers all AIFs including hedge finds. So far, the BaFin has entered 18 AIFMD MoU agreements. **Status of progress :** ☒ Reform effective (completed) as of: 22.07.2013 **Short description of the content of the legislation/ regulation/guideline:**	**Planned actions (if any):** BaFin is preparing to share information with other IOSCO members on the basis of the information sharing exercise conducted by the IOSCO Task Force on Unregulated Entities. **Expected commencement date:** **Web-links to relevant documents:**

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				Guidelines on the model MoU concerning consultation, cooperation and the exchange of information related to the supervision of AIFMD entities **Web-links to relevant documents:** The content of the ESMA AIFMD Model MoU is available at: http://www.esma.europa.eu/system/files/2013-998_guidelines_on_the_model_mous_concerning_aifmd.pdf	

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4 (5) (6)	Enhancing counterparty risk management	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)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents : • *Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Basel III (June 2011) – relevant references to counterparty credit risk standards*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: German regulations require financial institutions to have an effective risk management in place, which covers all counterparties. This includes counterparty limits and monitoring mechanisms for hedge funds. In addition to these general requirements, the revised Minimum Requirements for Risk Management (Banks) require explicitly that institutions have to implement an internal policy regarding credit deals with hedge funds or private equity firms, where applicable. Amongst other things, this comprises a policy regarding gathering financial and non-financial information about their counterparties and an analysis of the structure and the purpose of the transactions financed. The investment of insurance undertakings in hedge funds is regulated in BaFin circular 7/2004 (BaFin – Circular 7/2004 (VA)	**Planned actions (if any):** For actions planned, , in particular the implementation of para. 112 Basel III please refer to the EU-COM answer! **Expected commencement date:** **Web-links to relevant documents:**

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				Investments in Hedge Funds). German regulations require financial institutions to consider every relevant risk which they are exposed to. This includes also the specific risks of exposures to leveraged counterparties. For further information on CRDIV/CRR, please refer to the EU-COM answer. **Status of progress :** ☒ Reform effective (completed) as of: For insurance and only in relation to the above mentioned circulars: 20.08.2004. The implementation of Solvency II is still ongoing. For further information on CRDIV/CRR, please refer to the EU-COM answer. See link for InvMaRisk below **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Rundschreiben/rs_0407_investmenthedge_en_va.html “InvMaRisk	

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III. Securitisation					
5 (7) (8)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's *Report on Global Developments in Securitisation Regulation (Nov 2012)* including justification for any exemptions to IOSCO requirements; and • BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Draft approved and in force/to be in force from/by: ☒ Reform effective (completed) as of: 31.12.2010 with respect to the Banking sector and as of 22. 07.2013 with respect to the Alternative Investment Fund Managers. Still in the national implementation phase with respect to Alternative Investment Fund Managers and Insurance Sectors (pls. see below)). **Short description of the content of the legislation/ regulation/guideline:** The IOSCO recommendation to require originators and or sponsors to retain a long-term economic exposure to the	**Planned actions (if any):** Insurance Sector The new EU-Solvency II framework will establish an enhanced risk management. With respect to quantitative retention it is currently planned that insurance and reinsurance undertakings shall only invest in tradable securities and other financial instruments based on repackaged loans if the originator or sponsor has explicitly disclosed to the undertaking in the documentation governing the investment that it will retain, on an ongoing basis a net economic interest which, in any event shall not be less than 5%. When this Regulation enters into force it is directly applicable in all Member States. (Postponed according to Omnibus II Directive) **Expected commencement date:** **Web-links to relevant documents:**

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				securitisation has been implemented in Europe via the inclusion of a new Article 122a in the CRD in May 2009. The relevant amendments to the EU-CRD have been transposed into German law. **Banking Sector** The Minimum Requirements for Risk Management require banks to identify, assess, manage, and report all material risks, including risks from securitisation actions. In addition, they include requirements for stress testing for all relevant risk areas which also covers securitisations. Furthermore, banks must not rely solely on external ratings. They are rather obliged to assess the quality of securitisations positions on their own. Enhanced risk management practices for securitisation portfolios and retention requirements for originators/sponsors of securitisations have been required by EU-law (CRD II) since end 2010. EU-legislation has been transposed into German law by amendments to existing laws (German Banking Act) and the applicable regulations. Relevant regulation is contained in the CRD II (Directive 2009/111/EC. Art-122a, stipulates, in particular, that investors may assume exposures to securitisation risk only if the originator	

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				or sponsor (or original lender) has confirmed that it will retain at least 5% of the risk.) Alternative Investment Fund Sector Similar requirements to those of CRD for credit institutions are being developed in EU for investors in other sectors - Alternative Investment Fund Managers (AIFM) Directive imposes general requirements that alternative investment and collective investment vehicle managers conduct thorough due diligence to ensure that originators comply with 5% risk retention requirements when investing in securitisation structures (Art 17a of the Directive) The technicalities of these retention requirements remain to be adopted by the EC. The AIFM Directive entered into force on 21 July 2011. EU Member States have to implement the Directive in local Member State law by 22 July 2013. In Germany an Act Implementing the AIFM Directive has entered into force on 22.07.2013. Draft of the necessary local law legislation was published for consultation purpose in Germany in December 2012. (see also answer to #2) For more information on sectoral provisions, please refer to the EU-COM	

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				answer. **Web-links to relevant documents:** http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:174:0001:0073:EN:PDF Gesetz zur Umsetzung der Richtlinie über die Verwalter alternativer Investmentfonds http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0097:0119:EN:PDF	

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6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • *ICP 13* – Reinsurance and Other Forms of Risk Transfer • *ICP 15* – Investments, and • *ICP 17* - Capital Adequacy. Jurisdictions may also refer to the IAIS *Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).*	Not applicable ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** Monoline insurers do not exist/operate in Germany. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

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7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009)* and *Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 31.12.2010 **Short description of the content of the legislation/ regulation/guideline:** For financial institutions (esp. banks) the requirements in Germany for risk management, including the new product process, have been enhanced. Financial institutions must have a clear understanding of the products and the risk profile of all investments. Investment products have to be examined adequately in the internal risk management processes (risk measurement, limit system, stress testing, etc.) and the internal capital adequacy assessment process. Furthermore, the investment in structured products has to be in line with the strategy of the institution. The respective enhancements of EU	**Planned actions (if any):** It is planned to consolidate different existing circulars (among others also the circular to structured products), first draft of the consolidated version probably in 2014. **Expected commencement date:** **Web-links to relevant documents:**

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				legislation (CRD) have been transposed into German law, e.g. the strengthened management requirements for structured investment products and further due diligence requirements, especially for re-securitisations. **Web-links to relevant documents:** http://www.gesetze-im-internet.de/kredwg/index.html	

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8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. See, for reference, IOSCO's *Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012)* *that* complements IOSCO's *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: BaFin currently requests specific data from and interviews with senior management of banks, insurance companies, and asset management companies, to better assess the risk exposure of their securitised products. Banks also have to fulfil comprehensive disclosure requirements if they are acting as originator or sponsor of a securitisation which were introduced by the CRD II (Directive 2009/111/EC) and transposed into German law by 31.12.2010. BaFin requests quarterly specific data on securitised products of systemically relevant banks. Other banks, insurance companies, and asset management companies are queried on a case-by-case basis where necessary. Interviews with senior management at banks and insurance companies with significant risks.	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

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				Status of progress : ☒ Draft approved and in force/to be in force from/by : Amendments to CRA Regulation entered directly into force within EU Member States on 20.06.2013. **Short description of the content of the legislation/ regulation/guideline:** As a response to the financial crisis the European Union introduced the Capital Requirements Directive II (CRD II) (*Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management)*, which includes, among others, enhanced disclosure rules regarding ABS. Under Article 122a (7) of CRD II each credit institution acting as sponsor or originator of a securitisation is subject to comprehensive disclosure obligations towards prospective investors. In particular such credit institutions need to ensure that prospective investors have readily available access to: • all materially relevant data on the credit quality and performance of the individual underlying exposures, cash	

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				flows and collateral supporting a securitisation exposure; and • all information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. The respective regulations of EU CRD II legislation have been transposed into German law. For further information on issuers originators and sponsors of ABS and their enhanced disclosure obligations under and CRA III, please refer to the EU-COM answer. **Web-links to relevant documents:** http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0097:0119:EN:PDF http://register.consilium.europa.eu/pdf/en/12/st16/st16680.en12.pdf http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:146:0001:0033:EN:PDF	

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IV. Enhancing supervision					
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.[2] See, for reference, the following documents: Joint Forum: • *Principles for the supervision of financial conglomerates (Sep 2012)* BCBS: • *Framework for G-SIBs (Nov 2011)* • *Framework for D-SIBs (Oct 2012)* • *BCP 12 (Sep 2012)* IAIS: *ICP 23* – Group wide supervisionFSB: • *Framework for addressing SIFIs (Nov 2011)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Banking sector For further information on identification / higher loss absorbency, please refer to the EU-COM answer. In order to come into effect, the CRD IV provisions which were finalized in July 2013 require a further transposition into national law. The amendments to the German 'Kreditwesengesetz' passed the Federal Council by late June 2013 and enter into force by 1 January 2014. More intensive supervision: Accordingly, pursuant to the Ongoing Monitoring Guideline ("Aufsichtsrichtlinie", Article 6) of February 2008, the supervision of banking institutions of systemic	**Planned actions (if any):** Discussions within crisis management groups have been taking place since early 2010. Additional provisions for cross-border crisis resolution are subject to ongoing work at the EU level. Financial Conglomerates Directive (2002/87/EC) has been amended by Directive 2011/89/EC which is due to be transposed by the Members States by 10 June 2013; respective legislative work is under way. Insurance BaFin is examining whether the currently available instruments for recovery and resolution are sufficient for the national insurance sector or if additional ones are needed. According to primary estimations, preventive recovery plans appear to be a sensible instrument for which § 64a of the Insurance Supervision Act (Versicherungsaufsichtsgesetzt) provides a sufficient legal basis. BaFin is considering the inclusion of a broader range of insurers than the international discussion currently involves.

[2] The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				importance is now more rigorous, with a particular emphasis on detailed analyses of the risks and their possible repercussions on the institutions' risk-bearing capacity. In addition, cooperation between BaFin and the Deutsche Bundesbank, as the institutions sharing supervisory functions, has been intensified. Prudential supervision is carried out with respect to banking and financial holding groups with regard to the group's solvency, its compliance with large exposure limits and its investments outside the financial sector (German Banking Act, sections 10, 13b, 12). The scope of consolidation encompasses all institutions, asset management firms, financial institutions, ancillary services undertakings, e-money- institutions and payment services institutions belonging to the group as well as where applicable the superordinated financial holding company. (German Banking Act, Section 10a). In addition, all these groups have to report on risk concentrations and intra-group transactions (German Banking Act, Sections 13b, 13c and 13d). Furthermore, the provisions in the Minimum Requirements for Risk Management are also addressing consolidated risk management for all	Furthermore, there is a consensus that the international and European directions are the minimum of what would be implemented nationally. **Expected commencement date:** **Web-links to relevant documents:**

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				material risks and their coverage at the group level for banking and financial holding groups as well as financial conglomerates (MaRisk, Section AT 4.5.) A supplementary supervision applies to financial conglomerates. Insurance sector: Mirroring the banking regulations insurance groups as well have to regularly submit to BaFin the calculation of the group solvency margin and a report about important intragroup transactions. In addition, since September 2009 the groups have to quarterly report on important risk concentrations concerning counterparts outside the group (German Insurance Supervision Act, Sections 104e, 104g and 104i). Moreover, the Minimum Requirements for Risk Management (Insurance Companies), Section 2 no. 1 explicitly addresses group risks.) Within the relevant scope, financial firms have been asked to provide BaFin with a draft contingency and de-risking plan in early 2010. The results were already discussed and further work has been initiated to refine the planning. On January 1, 2011 the “Bank	

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				Restructuring Act" came into effect. It introduces two voluntary proceedings that may be initiated and managed by the troubled bank's management, i.e., • A recovery proceeding; • A reorganisation proceeding A recovery proceeding may be initiated by the management of a troubled bank at an early stage of a crisis and notified to the supervisory authority. The notification must include a recovery plan, which may include all measures appropriate for a restructuring of the bank. A general principle of the measures implemented under the recovery plan is that they may not impair any rights of any creditor without its prior consent. In case the recovery proceeding seems insufficient for a bank restructuring the bank's management may apply for the opening of a reorganisation proceeding. Such application has to include a reorganisation plan, which needs to stipulate, inter alia, the individual restructuring actions to be adopted by the creditors. The restructuring plan can directly impair the rights of creditors as well as the rights of shareholders of the bank. Both proceedings are initiated by a	

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				notification from the bank to the supervisory authority (BaFin). The proceedings are conducted under control of a court, to which BaFin submits the necessary applications. **Status of progress :** ☒ Reform effective (completed) as of: 1 Jan 2011 (entry into force of Bank Restructuring Act) **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** http://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetzentwuerfe_Arbeitsfassungen/2012-08-22-crdiv..pdf?__blob=publicationFile&v=3	

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10 (13) (14)	Establishing supervisory colleges and conducting risk assessments	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 through international supervisory colleges …(Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments. See, for reference, the following documents: BCBS: • *Good practice principles on supervisory colleges (Oct 2010)* • *Report and recommendations on cross-border bank resolution (Mar 2010)* IOSCO: • *Principles Regarding Cross-Border Supervisory Cooperation (May 2010)* IAIS : • *ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges* • *Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 01.12.2010/01.03.2011 **Short description of the content of the legislation/ regulation/guideline:** The process of setting up supervisory colleges for those German large and complex cross-border banks and insurance undertakings identified by the FSB has been completed and college meetings have taken place. In addition, the banking groups for which EU law (CRD II) requires the establishment of supervisory colleges have also been identified and the process for setting up these colleges has been completed, too. Germany is home supervisor to about 20 colleges and host supervisor in more than 50 colleges. BaFin and Deutsche Bundesbank have jointly developed a template to gather the risk assessment of all relevant host	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

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				supervisors for the entities of the respective banking group. This template is based on EU guidelines and circulated to all college members. It serves as an input for the consolidated risk assessment to be prepared by BaFin/ Bundesbank as home supervisor to come to a joint risk assessment of the banking groups and to reach a joint decision on the capital adequacy at the individual, sub-consolidated or consolidated level. The annual risk assessment and joint decision is required by EU legislation for all colleges. For more information, please refer to the EU-COM answer. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (15) New	Supervisory exchange of information and coordination	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)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [October 2006] Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, 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 regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **BaFin** has set up a **cross-sectoral risk committee,** which meets on a quarterly basis. The risk committee analyses and monitors cross-sectoral as well as major sector-specific risks. Representatives come from Deutsche Bundesbank and each of BaFin's directorates. Within each of these directorates an internal committee identifies and monitors sector-specific risks and transfers the relevant information into the cross-sectoral risk committee. In BaFin's **Banking Supervision** Directorate the risk-committee deals with the effects of the financial crisis. This body is specifically charged with collecting and analysing information and undertaking best practice studies. Several other bodies exist to facilitate co-ordination with Deutsche Bundesbank (e.g. working group on risk-oriented supervision) and the Ministry of Finance	**Planned actions (if any):** Insurance Sector BaFin participates at the IAIS Supervisory Forum (chairing the committee), which is mandated to facilitate the exchange of experiences of supervisory practice. It helps i.a. identify existing and potentially emerging trends and risk issues and encourages the participating supervisors to share ideas on the experience and methodologies applied in practice for the qualitative and quantitative supervision of large insurers and insurance groups. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(eg the new – albeit macroprudential – "Financial Stability Commission", cf. para 13). In BaFin's **Insurance Supervision Directorate** risk identification, risk-analysis and risk-monitoring are carried out by a special section dealing with the risk orientation of insurance supervision. This section also serves as an interface to the cross-sectoral risk committee and is responsible for the information exchange. BaFin's **Securities Supervision Directorate** has also set up a committee to identify, monitor and address systemic risks resulting from the securities markets. This committee meets frequently and is represented in the quarterly meetings of the BaFin cross-sectoral risk committee. In addition to regular bilateral contacts, **supervisory colleges**, especially core colleges, are also a major tool for the exchange of information and coordination among competent NSAs regarding individual institutions. Overarching issues in contrast are addressed through many multilateral initiatives, for example the new European Supervisory Authorities (i.e. EBA, EIOPA and ESMA) the BCBS,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				FSB working groups, IAIS, etc. At the end of 2012, Germany has signed **bilateral MoUs** with roughly 40 NSAs in the banking sector and approximately 20 NSAs in the insurance sector and more than 30 in the securities sector. **Status of progress :** ☒ Reform effective (completed) as of: 2011 **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16) (17) New	Strengthening resources and effective supervision	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)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the October 2006 BCPs 1 and 23 or, if more recent, the September 2012 BCPs 1, 9 and 11. 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 the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 01.01.2011 **Short description of the content of the legislation/ regulation/guideline:** Regarding the recommendations of the last FSAP conducted in 2011 in Germany some improvements of the clarification of the mandates and increasing resources of BaFin and Bundesbank can be noted: On 1 January 2013 the Act on the Strengthening of German Financial Supervision entered into force. The interface between macro- and microprudential supervision was clearly defined to ensure a clear separation of tasks between Bundesbank and BaFin as well as a smooth exchange of information between the two. As regards cooperation between BaFin and Bundesbank, section 5 of the	**Planned actions (if any):** For actions planned, please refer to the EU-COM answer! EU law (Solvency II) will further strengthen supervision and will be transposed in German law. German supervisory authorities will increase the analytical weight for considering business models of banking groups and thus currently adopt the practical supervisory approaches to take these aspects into account. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				FinStabG stipulates a duty to keep each other informed of any observations, findings and assessments that BaFin and Bundesbank require to perform their respective functions. The regulations pertaining to cooperation between BaFin and Bundesbank under the FinStabG has been complemented with an escalation mechanism in section 4a of the FinDAG in order to adopt a uniform approach to complex issues in ongoing supervisory activities. The amendment of the FinDAG pertains to the payment structure for BaFin staff leading to increased salaries. BaFin and Deutsche Bundesbank obtain the necessary information from the institutions regularly through the regulatory reporting. If needed, BaFin and Bundesbank have the right to request further information according to the German Banking Act (Sections 44, 44a and 44b) **Web-links to relevant documents:** Act on the Strengthening of German Financial Supervision (available in German only, no official English translation available as yet)	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Building and implementing macroprudential frameworks and tools**				
13 (18) (19)	Establishing regulatory framework for macro-prudential oversight	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[3] 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)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Since 1 January 2013, the Act on the Strengthening of German Financial Supervision is in force. It contains the **Financial Stability Act (FinStabG):** • The FinStabG confers a financial stability **mandate** upon Deutsche Bundesbank. • The **Financial Stability Commission has been installed** encompassing members of Deutsche Bundesbank, BaFin, the Ministry of Finance and the Federal Agency for Financial Market Stabilisation. The commission meets quarterly (had its first meeting in March). The commission's tasks resemble those of the ESRB, but with a national focus.	**Planned actions (if any):** Macro-prudential analyses and risk identification processes will be further enhanced – also taking account of discussions in international fora. The joint cross-sectoral risk committee continues its structured dialogue in its quarterly meetings. The regulatory reporting was under review to take into account the lessons learnt from the financial crisis. The new reporting regime is to be adopted in the coming month and will strengthen data coverage in several fields (e.g. earnings, large exposures). **Expected commencement date:** **Web-links to relevant documents:**

[3] The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				• The FinStabG establishes **reporting requirements** and allows **information sharing** within and between relevant institutions. • The FinStabG responds to ESRB Recommendation ESRB/2011/3 At the **Bundesbank units** for macroprudential analysis, surveillance and policy have been established in 2012 (internal reorganisation; policy unit is new). Bundesbank and BaFin are **members of the European Systemic Risk Board**. Cf. also #14. For more information on the ESRB, please refer to the EU-COM answer. **Status of progress :** ☒ Reform effective (completed) as of: 1 January 2013 **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** Act on the Strengthening of German Financial Supervision (available in German only, no official English translation available as yet) Financial Stability Act ESRB Recommendation ESRB/2011/3	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20) (21)	Enhancing system-wide monitoring and the use of macro-prudential instruments	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)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the CGFS document on *Operationalising the selection and application of macroprudential instruments (Dec 2012).* Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*, and the IMF paper on *Macroprudential policy, an organizing framework (Mar 2011).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: On the newly established – high-level - **Financial Stability Commission**, please refer to answer #13 above. Work on macroprudential **instruments** is ongoing in Deutsche Bundesbank. **Monitoring** capital market and asset prices and assessing their implications for the financial system and the macro-economy at large is part of financial macro-prudential analyses in relevant German authorities, in particular Deutsche Bundesbank and BaFin in line with their respective mandates. The BaFin **Risk Committee** supports macro-prudential supervision as it is tasked to identify macro-prudential risks, to analyse the data and to evaluate it. According to this evaluation, the Risk Committee might decide on further steps and concrete measures (with specific responsibilities and time limits) if	**Planned actions (if any):** For actions planned, please refer to the EU-COM answer! The national transposition of the CRD IV is under way with a view to entering into force by January 2014. **Expected commencement date:** 01.01.2014 **Web-links to relevant documents:** Transposition of EMIR into German law (German only)

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				considered necessary. A **leverage ratio reporting requirement** was introduced into German supervisory law as an indicator under Pillar 2. **Status of progress :** ☒ Reform effective (completed) as of: 2013 **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Jurisdictions can make reference to the following BCBS documents: • *Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010)* • *Good Practice Principles on Supervisory Colleges (Oct 2010)* *(Principles 2, 3 and 4 in particular)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** Ongoing financial stability analysis and banking supervision carried out by the **Deutsche Bundesbank** greatly benefits from synergies to other central bank functions by combining macro-prudential aspects with micro-prudential supervision. **Deutsche Bundesbank and BaFin** have fora at different levels to exchange information including on financial stability (cf. # 11, 13) Inter alia, **BaFin** has established a new section to analyse comparative issues, in collaboration with Deutsche Bundesbank (cross-institutional analysis, thematic work). For more information on existing	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				arrangements, please refer to the EU-COM answer. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Improving oversight of credit rating agencies (CRAs)**				
16 (23) (24) (25)	Enhancing regulation and supervision of CRAs	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)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • *Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)* Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of *Principles and Objectives of Securities Regulation (Jun 2010)* which calls for registration and oversight programs for CRAs; • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)*; and • *Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: December 2009 **Short description of the content of the legislation/ regulation/guideline:**. For information on CRA regulation and supervision, please refer to the EU-COM answer. **Web-links to relevant documents:** *http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32013R0462:EN:NOT*	**Planned actions (if any):** For actions planned, please refer to the EU-COM answer! **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	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)	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing and aligning accounting standards**				
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 15.12.2004 ("Accounting Enforcement Act") – Enforcement System in place since 01.07.2005) **Short description of the content of the legislation/ regulation/guideline:** For more information, please refer to the EU-COM answer! **Web-links to relevant documents:** http://www.gesmat.bundesgerichtshof.de/gesetzesmaterialien/15_wp/Bilanzkontrollgesetz/bgbl104s3408.pdf (in German only).	**Planned actions (if any):** For actions planned, please refer to the EU-COM answer! **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (28) (29)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009) Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: • *Basel 2.5 standards on prudent valuation (Jul 2009)* • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: 01.01.2010 (date of the last relevant amendment of the "German Commercial Code" **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** http://www.gesetze-im-internet.de/bundesrecht/hgb/gesamt.pdf (in German only)	**Planned actions (if any):** For actions planned, please refer to the EU-COM answer! **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31) (33) (34) (35)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	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[4] 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)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's *Principles for the supervision of financial conglomerates (Sep 2012)* and the following BCBS documents: • *Principles for effective risk data aggregation and risk reporting (Jan 2013)* • *The Liquidity Coverage Ratio (LCR) (Jan 2013)* • *Principles for the sound management of operational risk (Jun 2011)* • *Principles for sound stress testing practices and supervision (May 2009)* Jurisdictions may also refer to FSB's February 2013 *thematic peer review report on risk governance*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: Dec 2012 (for all topics other then LCR and Principles for effective risk data aggregation) **Short description of the content of the legislation/ regulation/guideline:** Germany has transposed the FSB and BCBS recommendations in the Minimum Requirements for Risk Management ("Mindestanforderungen an das Risikomanagement", MaRisk; revised version for the banking sector published on 15 December 2010, circular 11/2010 (BA)) for financial institutions. Inter alia, the MaRisk require financial institutions to have sound stress testing practices in place. Stress test results must be taken	**Planned actions (if any):** Preparation of enhanced guidance on effective risk data aggregation and risk reporting **Expected commencement date:** **Web-links to relevant documents:**

[4] Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				into account as part of the institutions' internal capital adequacy assessment process. Accordingly, bank's stress testing practices form part of BaFin's and Deutsche Bundesbank's Supervisory Review and Evaluation Process. The updated guidance is implemented in the Minimum Requirements for Risk Management and is subject to on-site inspections. It is also part of the guidance for the regular compilation of the risk profile of an institution and taken into account when judging an institution's liquidity management. In case of inadequate implementation banks are required to take remedial action. The implementation is then closely supervised. Principles for effective risk data aggregation: "BaFin and Bundesbank formed a task force to discuss possible amendments to our Minimum requirements or the publication of a separate guideline dealing with Risk Data Aggregation and Risk Reporting. Results of this task force will be delivered during 2014. Monitoring of liquidity risk management practices is part of ongoing supervision. Banking sector	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Robust stress testing for institutions is required by the Minimum requirements for risk management. Supervisory stress tests are conducted on a regular basis. Germany participates in the EU stress tests conducted by EBA. On 14.12.2013 BaFin has published an amended version of the MaRisk (circular 15/2012 (BA)). This new version contains additional requirements on the liquidity risk management, in particular with respect to foreign currency funding risk and liquidity cost benefit allocation mechanisms. Furthermore requirements on governance aspects (risk control function, compliance function) are incorporated. By this means existing guidelines of the EBA (Internal Governance) and recommendations of the ESRB (foreign currency funding risk) are implemented in German supervisory practise. Insurance sector Based on the German Insurance Supervision Act (circulars R4/2011 (Va) and 1/2004 (VA)) the insurance undertakings have to conducts a stress test at least quarterly and to submit the stress test annually on national level. BaFin predefines the stress test model and the scenarios in the annual stress	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				tests. Quarterly stress tests have to meet appropriate criteria. Also in 2013 Germany has agreed to participate in the pan-European stress test of EIOPA performed probably in spring 2014. A new minimum market coverage requirement concerning the EIOPA stress test has been agreed for in 2013. This shall ensure a minimum national market coverage of at least 50% for life and non-life insurances (based on annual gross premium written). For further information, please refer to the EU-COM answer. **Web-links to relevant documents:** http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Rundschreiben/rs_1104_anlage_geb_vermoegen_en_va.html	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: The programs for asset relief and recapitalisation administered by the German Financial Markets Stabilisation Fund have been taken up by banks and have stabilised these banks. **Status of progress :** **Short description of the content of the legislation/ regulation/guideline:** Since 1 January 2011 a new law has been enacted and provides measures to restructure banks if their going-concern risk results in a systemic risk. The programmes for asset relief, recapitalisation, liquidity support and so-called "bad banks" were reopened for new applications due to the coordinated approach of the EU member states until 31 December 2012 to ensure market confidence. In November 2012 the German parliament decided to further extend the availability of these measures	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				until December 31st 2014, as to additionally strengthen market confidentiality, until a common European mechanism will be enforced. For more information, please refer to the EU-COM answer. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 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*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: German supervisory authorities have strongly advised the relevant international banks and insurance companies to adhere to this recommendation and informed industry about upcoming requirements at an early stage. Information from the main financial institutions shows that important banks have significantly improved their respective disclosure practices. **Status of progress :** ☒ Draft approved and in force/to be in force from/by: 1 January 2013 (Effective date of IFRS 13) ☒ Reform effective (completed) as of: 1 January 2007 (Effective date of IFRS 7) **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** http://www.bafin.de/SharedDocs/Downloads/DE/Protokoll/dl_050901_Anwendungsbsp.html	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	**Strengthening deposit insurance**				
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems.*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: Germany enacted an amendment to the Act on Deposit Guarantee and Investor Compensation ("Einlagensicherungs- und Anlegerentschädigungsgesetz") which entered into force in June 2009. Current national deposit insurance arrangements are compliant with the agreed set of international 18 Core Principles by IADI/BCBS. **Short description of the content of the legislation/ regulation/guideline:** According to the Act on Deposit Guarantee and Investor Compensation supervision of DIS by BaFin is mandatory. BaFin is empowered to counteract irregularities which may impair the proper handling of the compensation or	**Planned actions (if any):** In 2010 the European Commission provided a legislative proposal for a thorough revision of the Directive on Deposit Guarantee Schemes. It mainly deals with a further harmonisation of protected deposits, a faster payout, and an improved financing of schemes. These proposed amendments follow urgent legislative changes that the Commission proposed in 2008 and that entered into force early 2009. The proposal is accompanied by a report. Germany will transpose the directive. **Expected commencement date:** **Web-links to relevant documents:** http://ec.europa.eu/internal_market/bank/guarantee/index_en.htm

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				jeopardise the assets accumulated for paying compensation. BaFin also monitors whether national regulation complies with international principles. To this end, BaFin and Deutsche Bundesbank regularly receive broad information on the national DISs (such as: on risk oriented contribution systems, monitoring procedures within the guarantee schemes, financial statements, stresses and strains of the funds). The risk orientated contribution system has been improved in 2011. **Web-links to relevant documents:** http://www.bafin.de/SharedDocs/Aufsichtsrecht/EN/Gesetz/eaeg_en_ba.html http://www.bafin.de/SharedDocs/Aufsichtsrecht/EN/Verordnung/EdBBeitvV_en.html http://www.bafin.de/SharedDocs/Aufsichtsrecht/EN/Verordnung/edvoebbeitrv_en.html	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Safeguarding the integrity and efficiency of financial markets**				
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: • *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)*; and • *Report on Principles for Dark Liquidity (May 2011)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Germany adheres to the international recommendations, e.g. suitable trading control mechanisms to deal with volatile market conditions are well known in the German trading landscape, e.g. so called volatility interruptions and appropriate control mechanisms for order flow are in place, e.g. so called "naked sponsored access" would generally not be permitted. The operation of dark pools (trading venues that provide for exceptions of pre-trade transparency requirements) needs a specific permission. This permission, so called "waiver" would only in specific and limited circumstances be granted and would be discussed on EU/ESMA level. There are no exceptions as regards post trade transparency requirements. In addition BaFin supports in principle all respective initiatives on EU level. For more information on these initiatives,	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				please refer to the EU-COM answer. **Status of progress :** **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm httP://www.esma.europa.eu/content/Final-report-Dudelines-systems-and-controls-automated-trading-environment-trading-platforms	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	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)	Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets. See, for reference, 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 *report* published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: "Markttransparenzstelle Gesetz" adjusts German law to REMIT. **Status of progress :** ☒ Reform effective (completed) as of: March 27th 2012 **Short description of the content of the legislation/ regulation/guideline:** According to current German legislation, market manipulation rules apply both to commodities and commodity derivatives admitted to trading on a regulated market (sec.20a securities trading act-WpHG). Further strengthening of the regulatory framework regarding commodities and commodity derivative and European harmonisation will be achieved by the Draft of the new EU Market Abuse regulation. Germany supports the aforementioned regulatory framework and will adjust national rules in alignment with the MiFID II requirements.	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				For more information on MiFID, please refer to the EU-COM answer. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes) We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Both the BaFin and the Bundesbank are members of the LEI Regulatory Oversight Committee since its creation. With WM-Datenservice, Germany is home to the second "Pre-LOU" globally. It has gone live on 2 April 2013 and is supposed to become LOU once the Global Legal Entity Identifier System is operational. **Status of progress :** ☒ Reform effective (completed) as of: 2013 **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI.	**Enhancing financial consumer protection**				
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*.	Implementation ongoing or completed: ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Status of progress :** ☒ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** Complaints handling (see Principle 9) is also already done by BaFin: Pursuant to section 4 b Act Establishing the Federal Financial Supervisory Authority (Finanzdienstleistungsaufsichtsgesetz, FinDAG) consumers have the right to complain against any financial institution supervised by BaFin. Section 33, paragraph 1, no.4 Securities Trading Act: Investment services enterprises must have in place effective and transparent procedures for the reasonable and prompt handling of complaints received from retail clients and keep a record of each complaint and	**Planned actions (if any):** - For more information on MiFID, IMD II and PRIPS-Regulation, please refer to the EU-COM answer. - Guidelines/ Opinions on best practices on different issues of consumer protection and financial innovation by the ESAs are expected to be finalised by the end of this year. - Transformation of the EIOPA guidelines on complaints handling into national legislation until 3. Quarter 2013. - Implementation of the Act on fee based investment advice on financial instruments (Honoraranlageberatungsgesetz), probably by mid 2014. - EU legislation on Alternative and Online Dispute Resolution (Directive on alternative dispute resolution (ADR) and a Regulation on online dispute resolution (ODR)) which will make it easier for consumers and businesses to solve problems and disputes have been adopted on 21 May 2013.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the measures taken for its resolution. A special regulation for complaints against investment services was introduced in Nov. 2012: Pursuant to section 34 d WpHG (Securities Trading Act) , implementing Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC, the investment services enterprises must report to the Supervisory Authority 1. any complaints; 2. the name of the employee on whose activity the complaint is based; and 3. where the investment services enterprise has several branches or other organisational units, the branch or organisational unit to which the employee is assigned or for which he predominantly or usually performs his activity to be reported pursuant to sentence 1. Further, according to section 342 para. 1 and 2 German Capital Investment Act, which implements Art. 100 Directive 2009/65/EC, investors and clients may file complaints concerning alleged contraventions of the German Capital Investment Act with the Supervisory Authority at any time. Complaints may be filed in writing or orally for the record with the Supervisory Authority and	**Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				should state the facts and the reason for the complaint. Where alleged complaints involve cross-border matters, the Supervisory Authority cooperates with the competent authorities of the other member states of the European Union or other signatories to the Agreement on the European Economic Area. According to section 28 Payment Services Supervision Act (Gesetz über die Beaufsichtigung von Zahlungsdiensten, ZAG) payment service users, too, are entitled to submit to BaFin complaints about payment service providers. Section 28a Payment Services Supervision Act justifies the same entitlement to complain to holders of electronic money against the electronic money issuer. Regarding internal complaints handling procedures, in the securities sector already a high degree level of harmonisation through Directive 2004/39/EC, Directive 2009/65/EC and their Level 2 measures is reached. In 2012 the European Insurance and Occupational Pensions Authority (EIOPA) published “Guidelines on Complaints-Handling by Insurance Undertakings”,- The member states of the EU now should comply with these	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				guidelines or explain why they will not apply which will be implemented by BaFin. BaFin will implement the EIOPA guidelines via a circular (Rundschreiben) and a general decree (Allgemeinverfügung), which were published for consultation until 9 August. On Alternative and Online Dispute Resolution (ADR/ODR): Many credit institutions and the majority of insurers in Germany have voluntarily agreed to settle possible disputes with the help of private mediators, so-called ombuds persons. These arbitration boards have been established within the industry associations of the respective companies. The ombuds persons themselves, however, are independent. The ombuds persons are appointed for a specific period and may not, for instance, be dismissed prematurely simply because they have adjudged a case to the company's disadvantage. In most cases, the ombuds persons are highly qualified legal professionals, e.g. former federal judges. The procedural rules to be applied may differ between the respective ombuds persons. The procedure is generally free of charge for the applicants. Some ombuds persons are authorized to adjudge cases up to a specific amount in controversy (usually	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				EUR 5,000); the rulings are binding on the companies concerned. In contrast, some ombuds persons are merely authorized to issue non-binding recommendations. BaFin has also established an arbitration board for consumer disputes in relation to provisions pursuant to the Capital Investment Act (Art. 342 (Kapitalanlagegesetzbuch (KAGB)). Finally, a consumer advisory council has been set up by BaFin and the complaints procedure for consumers and other customers of supervised enterprises as well as consumer protection organisations has been incorporated into the FinDAG (sections 8a and 4b) in November 2012 to ensure that consumer issues will play a larger role in BaFin's supervisory approach. The Consumer Advisory Council is responsible for advising BaFin on issues related to its supervisory duties from a consumer's perspective. The Consumer Advisory Council collects, analyses and reports to BaFin data relating to current developments in the banking and insurance businesses and in the areas of financial services and financial instruments ("consumer trends").The Consumer Advisory Council comprises 12 representatives: three from academia, four from consumer and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				investor protection organisations, three from extrajudicial dispute resolution schemes, one from the Federal Ministry of Food, Agriculture and Consumer Protection (Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz – BMELV) and one from trade unions. Its 1st meeting took place in Bonn on 20 June. (Remark: Please be aware that this list of consumer protection activities is not final.) **Web-links to relevant documents:** Guidelines on Complaints-Handling by Insurance Undertakings", see: https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/guidelines/complaints_handling/EIOPA_Complaints_Handling_GL_EN.pdf	

XII. Source of recommendations:

Los Cabos: The G20 Leaders Declaration (18-19 June 2012)
Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
Seoul: The Seoul Summit Document (11-12 November 2010)
Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)
Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Washington: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)
FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)

XIII. List of Abbreviations used:
