FSB- G20 - MONITORING PROGRESS – Italy September 2010 [For Publication in March 2011]

#		G20/FSB RECOMMENDATIONS	DEAD-LINE	PROGRESS TO DATE	PLANNED NEXT STEPS
				Explanatory notes: In addition to information on progress to date, specifying steps taken, please address the following questions: 1. Have there been any material differences from relevant international principles, guidelines or recommendations in the steps that have been taken so far in your jurisdiction? 2. Have the measures implemented in your jurisdiction achieved, or are they likely to achieve, their intended results? Also, please provide links to the relevant documents that are published.	Explanatory notes: Timeline, main steps to be taken and key mileposts (Do the planned next steps require legislation?) Are there any material differences from relevant international principles, guidelines or recommendations that are planned in the next steps? What are the key challenges that your jurisdiction faces in implementing the recommendations?
I. Building high quality capital and mitigating procyclicality					

1	(Pitts)	Basel II Adoption	All major G20 financial centres commit to have adopted the Basel II Capital Framework by 2011.	By 2011	Consistent with the EU law, the Basel II capital Framework has been adopted since end-2006, when all legislative instruments and supervisory regulations necessary to implement the corresponding EU directives (2006/48 and 2006/49, so called CRD) had been issued. Reference is made here to the Law-Decree no. 297/2006 as converted in Law n. 15/2007 and to the "New regulations for the prudential supervision of banks" (Circular No. 263 of 27 December 2006 adopted by Banca d'Italia in conformity of the resolutions of the Ministry of Economy and Finance Chair of the Interministerial Committee for Credit and Saving). The new regulations have entered into force since 1st January 2007. After a transitional period, during which banks could apply the previous rules on credit and market risk, since 1st January 2008 all Italian banks are subject to the new Regulations implementing the Basel II Accord and the CRD. According to those regulations, banks using IRB and AMA approaches had to maintain, during years 2007 2008 and 2009, capital requirements for credit, counterparty, market and operational risks not less than 95%, 90% e 80% of the capital requirement as calculated with the previous rules (*floors*)..	Taking into account the consequences of the crisis and the regulatory model risk emerged during the supervisory assessment of the banks' internal systems as well as the international regulatory developments, Banca d'Italia decided to maintain the transitional floor of 80% for 2010
2	(FSB 2009) (Tor)	Basel II trading book revision	Significantly higher capital requirements for risks in banks' trading books will be implemented, with average capital requirements for the largest banks' trading books at least doubling by end-2010. We welcomed the BCBS agreement on a coordinated start date not later than 31 December 2011 for all elements of the revised trading book rules.	By end-2011	New rules setting higher capital requirements for banks' trading book, in accordance with the amendments published by the Basel Committee in July 2009, will be introduced by means of the transposition of a new European Directive amending the 2006/49/EC, currently under finalization (so-called CRD III).	According to the current draft the transposition of this directive to the EU Member States regulations should be completed by 31 December 2011 at the latest.

3	(Pitts)	Build-up of capital by banks to support lending	We call on banks to retain a greater proportion of current profits to build capital, where needed, to support lending.	Ongoing	No specific formal guideline has been issued so far on profit retention for 2009 financial year. A letter pointing at the need for remuneration payouts moderation was issued last October.	Further actions are at the moment under consideration in light of the European Commission working plan (following the Basel Committee works) on countercyclical buffers.
4	(FSF 2009)	Basel II – Pillar 2 enhancement	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.	End-2009 and ongoing	On the basis of the ICAAP reports received in the autumn of 2008 and in the spring of 2009, the Banca d'Italia performed a survey of the stress testing techniques used by banks for capital planning. The analysis concerned the methodological aspects (techniques, assumptions and scenarios, risks considered, correlations) and the actual use by management (involvement of corporate bodies and "use-test"). In July 2009 Banca d'Italia also carried out ad hoc onsite examinations at the major banking groups, aimed at studying the methodological framework used for the macro-prudential stress tests performed in May 2009 for internal purposes, which anticipated the exercise coordinated by CEBS later in the summer. Banca d'Italia examination of the major banks' stress testing methodologies continued also this year during the conduct of the 2010 EU-wide stress test exercise. The results of this in-depth examination have been used in the revision of the ICAAP reports for 2009. In particular, banks whose stress testing practices were found to be not compliant with the BCBS recommendations have been requested to revise their estimates and assumptions concerning internal capital quantification. In addition, bottom-up stress testing technology used for macro-prudential exercises will have to be made more robust.	So far Banca d'Italia has issued guidelines concerning stress testing procedures and methodologies, aligned with BCBS principles and CEBS revised Guidelines on stress testing. These guidelines are part of the ICAAP domestic regulation; in particular, these guidelines aim at: 1) emphasizing the importance of stress testing in performing an effective forward-looking assessment of banks' capital adequacy; 2) requiring the intermediaries to fully implement the BCBS and CEBS recommendations. In particular banks are recommended to ensure an appropriate engagement of the top management in the overall stress testing process, to use the stress tests results in taking appropriate strategic decisions and management actions, to assess the impact of stress events both on the overall risk profile of the institution and on available financial resources (AFRs), to ensure adequate methodological requirements for the stress testing programme. Going forward, within the SREP, specific in-depth analyses will be periodically devoted to medium/large size intermediaries, concerning their stress testing programmes and the weaknesses found.

5	(Lon)	Supplementation of Basel II by simple, transparent, non-risk based measure	Supplement risk-based capital requirements with a simple, transparent, non-risk based measure which is internationally comparable, properly takes into account off-balance sheet exposures, and can help contain the build-up of leverage in the banking system.	Ongoing	The introduction of a leverage ratio aimed at supplementing risk-based measures of capital was agreed by the BCBS on 26 July 2010 and endorsed by the Groups of Governors and Heads of Supervision on 12 September 2010.	According to the BCBS agreements Banca d'Italia will develop a supervisory monitoring process to track the underlying components of the ratio starting from 2011.
6	(Pitts) (Tor)	Development of international rules to improve quantity & quality of bank capital	We commit to developing by end-2010 internationally agreed rules to improve both the quantity and quality of bank capital and to discourage excessive leverage. These rules will be phased in as financial conditions improve and economic recovery is assured, with the aim of implementation by end-2012. We agreed that all members will adopt the new standards and these will be phased in over a timeframe that is consistent with sustained recovery and limits market disruption, with the aim of implementation by end-2012, and a transition horizon informed by the macroeconomic impact assessment of the FSB and BCBS.	End-2010, implement over a timeframe that is consistent with sustained recovery and limits market disruption	A first set of rules regarding some items of the regulatory capital, in particular hybrid instruments, is to be introduced by end-2010 with the implementation of the EU directive 2009/111/EC (so-called CRD II) amending the 2006/48/EC (CRD). An in-depth review of rules on banks' capital and leverage was agreed by the BCBS on 26 July 2010 and endorsed by the Groups of Governors and Heads of Supervision on 12 September 2010, to be implemented starting from 1 January 2013. The reform will be introduced in the EU legislation through further amendments to the CRD.	In June 2010 Banca d'Italia has issued a consultation document: the new rules implementing the CRD II will be issued by the end of 2010. ISVAP actively takes part into CEIOPS subgroup on Own Funds and, as such, actively contributed to CEIOPS's advice to the EU Commission on Own Funds within the context of Solvency II, with the aim of developing internationally agreed rules to improve quantity and quality of capital in the insurance sector. With the same aim, ISVAP actively co-operates also with the competent Ministry for the purpose of developing Level 2 measures on Own Funds within the context of Solvency II, currently under discussion within EIOPC and to be issued in 2011. The abovementioned activities are envisaged within the context of the EU legislative process.

7	(FSF 2008)	Monitoring of banks' implementation of the updated guidance	II.10 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.	Ongoing	On-site controls on the liquidity risk exposures of banking and financial intermediaries are conducted during the 'full scope' assessment annually planned. Targeted inspections can be carried out to assess intermediaries showing weak liquidity profile. In line with the CRD provisions (Annex V), intermediaries are required to establish contingency plans to deal with liquidity crises and to report on their liquidity management policies within their ICAAP. Since the start of the market turmoil in July 2007, major banking groups have been requested to provide the Bank of Italy with a report concerning their funding liquidity position. During the peak of the crisis, the monitoring exercise was conducted on a daily basis. The banks whose risk indicators showed serious warning levels were notified and were required to take corrective actions by rebalancing liquidity gaps in the shorter time buckets and piling up highly liquid assets. Moreover, after the Principles for Sound Liquidity Risk Management and Supervision were issued by the Basel Committee (June 2008), the supervisory activity verifying the compliance of internal control and risk management systems with the principles has been further strengthened. In addition, targeted on-site inspections have been carried out in order to assess liquidity risk exposures of banking and financial intermediaries. Periodic meeting are held on an ongoing basis with major banks to monitor the liquidity position and the risk management practices.	According to the BCBS agreements Banca d'Italia will put in place a rigorous reporting processes to monitor the new ratios (LCR and NSFR) during the transition period and will cooperate with Italian banks to ensure an effective transition to the new requirements.

8	(Lon)	Development of liquidity framework	The BCBS and national authorities should develop and agree by 2010 a global framework for promoting stronger liquidity buffers at financial institutions, including cross-border institutions.	By 2010	Banca d'Italia performs controls on liquidity risk through the following actions: 1. The ongoing weekly monitoring of banks' liquidity (including Italian branches and subsidiaries of foreign banks). 2. Intermediaries are requested to supply the assumptions under which they carry out weekly liquidity stress tests; additional data and information are requested with reference to the composition of the liquidity buffer. 3. Once a year Banca d'Italia carries out a systemic and prescriptive liquidity stress testing exercise based on market wide and firm specific scenarios. These will integrate the ongoing weekly liquidity monitoring tool. 4. On-site examinations aimed at checking liquidity risk management processes have been carried out.	In June 2010 Banca d'Italia has issued a consultation paper complementing the BCBS' paper on "International framework for liquidity risk measurement, standards and monitoring" and on the supervisory regulation implementing EC Directive 2009/111 for comments by August 2010 in which the rules set out by directive 111/2009 (CRDII) are transposed into the national legislation. The new rules will enter into force in Italy by end 2010.
9	(FSB 2009)	Enhancement of supervision of banks' operation in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing		
10	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	In the Italian insurance market there are no monoline insurers because according to ISVAP regulations dated 1991, Italian undertakings cannot underwrite pure financial risks i.e. risks related to the settlement of financial operations, loans, securitization, stock exchange placing, asset backed securities, etc. In March 2009 ISVAP issued Regulation n. 29 recasting and simplifying the above mentioned Regulations concerning the classification of risk that can (or cannot) be underwritten by insurance undertakings.	

II. Strengthening accounting standards						
11	(WAP)	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.	Ongoing	Consob takes part in the works at both CESRFIN and IOSCO level. Banca d'Italia contributes to the improvement of international accounting standards participating in the working groups on accounting issues established at the BCBS (ATF) and CEBS (EGFI) level. Italian listed and not listed Banks and other supervised financial intermediaries are required to compile their financial statements (on a solo and consolidated basis) according to IAS/IFRS. At international level, ISVAP takes part to IAIS works on accounting. At EU level, ISVAP has been chairing CEIOPS subgroup on accounting issues since May 2009. The subgroup deals with international accounting developments under an insurance perspective as well as acts as information sharing platform among EU Authorities for consistent application of IAS/IFRS throughout EU insurance sector. ISVAP Banca d'Italia and Consob also co-operate with the Ministry of Finance within ARC meetings. At national level, ISVAP, Banca d’Italia and Consob actively cooperate in the field of accounting and since 2008 have established a permanent forum on consistent application of IAS/IFRS which also has close links with national accounting standard setter (OIC). In the context of the cooperation with all the relevant stakeholders, Banca d'Italia has made structural the relationship with the external auditors category, by organizing twice a year a meeting with them with the objective to discuss the accounting issues having, from time to time, the major impact on the compilation of financial statements.	

12	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 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.	End-2009	**Bank of Italy and Consob** Banca d'Italia has no powers in terms of valuation and provisioning decisions taken by banks in the context of their financial statements. For supervisory purposes, Banca d'Italia's regulation requires banks to consider, in the trading book, the need to apply valuation adjustments in respect of several factors (model risk, liquidity risk, etc.) according to Basel 2 rules. Italian insurance undertakings draw up their financial statements according to local GAAP (mainly based on book value) and their consolidated accounts according to IAS /IFRS (mainly based on fair value). Under a prudential point of view, unrealised gains and losses arising from fair valuation do not fully affect group capital adequacy due to the application of specific ISVAP Regulation. Consob is involved at the same levels that have been mentioned for standard No 11.	

13	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 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.	End-2009	Italian listed and not listed banks and other supervised financial intermediaries are required to compile their financial statements (on a solo and consolidated basis) according to IAS/IFRS. Consob is responsible for the accounting regulations applicable to listed companies as well as to ensure that financial statements give a fair view of the financial situation of listed issuers. Consob takes part in CESR and IOSCO work on accounting matters including to the Enforcement of accounting decisions subgroup where supervisory experiences and decisions taken on the enforcement on accounting principles are discussed and collated. Banca d'Italia contributes to the improvement of international accounting standards participating in the working groups on accounting issues established at the BCBS (ATF) and EBA (EGFI) level. These fora actively contribute to the evolution of the accounting standards, by providing the accounting setters with analysis and comments in due process. In February 2009, an anti-crisis law decree was issued by IT government on accounting measures in order to face the crisis. Measures consist in a temporary amendment to local GAAP in order to limit the effects of the fluctuations of fair valuation on the assets insurance undertakings, provided that some predefined conditions are met. ISVAP Regulation n.28, issued in February 2009 and recently updated, implemented the law decree and established the prudential treatment related to the accounting amendments. To be noted that at EU level, appropriate adjustments to dampen procyclicality have also been made to the Solvency II text. A joint document issued in March 2010 by Banca d'Italia, CONSOB and ISVAP has given recommendations concerning disclosure of the fair value hierarchy, as introduced by the 2009 amendment to IFRS 7. The recommendation focuses on the importance of correctly defining the three levels of fair value and their consequent disclosure, that must include information on the methods and assumptions used to estimate the fair value and on any changes in the valuation techniques, as well as on the other information required by IFRS 7, paragraph 27(b) (transfers between levels, reconciliation from the beginning balances to the ending balances, etc. (see also point 53).	Within the context of developing Solvency II, ISVAP is currently taking part to CEIOPS and EIOPC works on the L2 measures concerning Pillar 1 and Pillar 2 dampeners. This activity is envisaged within the context of the EU legislative process. From an accounting perspective, the replacement of IAS 39 will lead to a substantial changes to the financial instruments accounting. IFRS 9 Financial Instruments was published in November 2009, which covers the classification and measurement of financial assets. On 28 October 2010 the requirements for classifying and measuring financial liabilities were added to IFRS 9. However, at the EU level it was decided that more time should be taken to consider the output from the IASB project to improve accounting for financial instruments; therefore, the endorsement of IFRS9 has not been finalised. Other exposure drafts have been published starting from the second half of 2010 with respect to the impairment methodology, the hedge accounting model and the offsetting.

14	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	Consob takes part in the discussions at European level (CESR groups) on the improvement of disclosure information. Consob is also part of the IOSCO Task Force on unregulated products.	
III. Reforming compensation practices to support financial stability						
15	(Lon) (Pitts)	Implementation of FSB/FSF compensation principles	National supervisors should ensure significant progress in the implementation of FSF sound practice principles for compensation by financial institutions by the 2009 remuneration round. We fully endorse the implementation standards of the FSB aimed at aligning compensation with long-term value creation, not excessive risk-taking. Supervisors should have the responsibility to review firms' compensation policies and structures with institutional and systemic risk in mind and, if necessary to offset additional risks, apply corrective measures, such as higher capital requirements, to those firms that fail to implement sound compensation policies and practices. Supervisors should have	End-2010	The Italian framework on compensation is based on a set of legislative provisions laid down in the Civil Code, the Consolidated Law on Finance (which includes rules for listed companies), the Consolidated Law on Banks and the Insurance Code. A self-regulatory Corporate Governance Code also applies, on a "comply or explain", basis to listed companies. With specific regard to the banking sector, Banca d'Italia has issued, since March 2008, a comprehensive set of supervisory rules aiming at ensuring banks' compensation policies and practices be consistent with their sound and prudent management. Such regulation covers the same areas generally addressed by international principles: governance, risk alignment, pay structure, transparency, supervisory role. Banca d'Italia approach is: a) binding (Banca d'Italia has a whole range of intervention and sanction powers to deal with non-compliant banks); b) all-encompassing (Banca d'Italia provisions apply to all banks and to all organizational levels); c) principle-based (to ensure that the application of regulation is consistent with the specific characteristics of each intermediary). In October 2009, further supervisory provisions have been adopted to take into account the international developments and to identify the six significant banking groups which, in addition to the general rules on remuneration applicable to all banks, have to be fully compliant with the September 2009 FSB Implementation Standards. As a result, the Italian regulatory framework is fully aligned with international principles and standards issued by the FSB as well as the other international bodies (e.g. EC, CEBS, BCBS). In June 2009 ISVAP has issued a draft Regulation (public consultation closed in October 2009), about the	Banks' compliance with national requirements is assessed within the broader ongoing SREP. Where the review is not satisfactory, adequate prudential measures are implemented, according to art. 53 of the Consolidated Banking Law. Banca d'Italia may use the whole range of prudential measures and sanctions to address non compliance with its regulation. Banca d'Italia will revise its supervisory rules on compensation in order to ensure their strict alignment with the new CRD III which introduces more detailed provisions on remuneration and requires CEBS to elaborate guidelines. A consultation document is expected to be issued by the end of 2010. Banca d'Italia will take into account also the results of other international working groups (e.g. BCBS working groups). As general remark, Italian banks' compensation practices have not posed major supervisory concerns so far. As result of the regulatory and supervisory action, some improvements have been observed, in particular in the governance mechanisms as well as in the risk-alignment and the deferral arrangements. The planned revision of the supervisory rules will probably foster also the quality of banks' disclosure and transparency. The most challenging issue for Italian banks is the provision requiring a substantial portion of the variable remuneration be paid in shares, options or other equivalent financial

	(Tor)		the ability to modify compensation structures in the case of firms that fail or require extraordinary public intervention. We call on firms to implement these sound compensation practices immediately. We encouraged all countries and financial institutions to fully implement the FSB principles and standards by year-end, We call on the FSB to undertake ongoing monitoring in this area and conduct a second thorough peer review in the second quarter of 2011.		remuneration policies in the insurance sector in line with FSB principles for Sound Compensation practices of April 2009 as well as the European Union Recommendations on remuneration (Recommendation n. 2009 /384/EC and n. 2009/385/EC) and the CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) principles. The final version of the Regulation is currently under review to take into account the FSB Implementation Standards of September 2009. It is expected to come into force by the first quarter 2010. In particular, the new provisions are addressed to Board members, key functionaries and risk taking staff. ISVAP has required some measures in order to link the remuneration to the long term objectives of the insurance undertaking in order to ensure the sound and prudent management of the undertaking and avoid conflicts of interests. ISVAP draft Regulation requires that the remuneration should : - be adjusted for current and potential risks (liquidity risk included); - take into account the time horizon of risk outcomes; - take into account as performance criteria also non financial criteria such as the compliance with law and market conduct. (ii) take into account the business unit, the overall company and, where possible, the individual performance.	instruments. Italian banks have traditionally made limited use of financial instruments as remuneration mechanisms; some significant banking groups are increasing the portion of variable remuneration paid through financial instruments, but an extensive use of them raise different concerns (e.g. dilution effects, governance implications, tax treatments, price movements influenced by general market trends rather than by management actions and business results). ISVAP is going to issue a regulation; however its issuing has been postponed in order to take into account any further development at international level. After the adoption of the Regulation, its compliance will be verified off-site as well as on site by ISVAP. In particular, each undertaking will send ISVAP the shareholder meeting resolution by which the remuneration policy is approved. Should any practice be considered non–compliant, ISVAP will take any appropriate remedial action provided by the law. site by ISVAP. In particular, each undertaking will send ISVAP the shareholder meeting resolution by which the remuneration policy is approved. Should any practice be considered non–compliant, ISVAP will take any appropriate remedial action provided by the law.

16	(Pitts)	Supervisory review of firms' compensation policies etc.	Supervisors should have the responsibility to review firms' compensation policies and structures with institutional and systemic risk in mind and, if necessary to offset additional risks, apply corrective measures, such as higher capital requirements, to those firms that fail to implement sound compensation policies and practices. Supervisors should have the ability to modify compensation structures in the case of firms that fail or require extraordinary public intervention.	Ongoing	Banca d'Italia has a comprehensive range of intervention and sanction powers to deal with non-compliant banks. Specific attention is being devoted to the six significant banking groups (see answer above): they shall comply with more detailed and strict rules and their remuneration practices have been rigorously assessed; where appropriate, adequate and prompt corrective actions have been required.	For the time being symmetry is in most cases substantially granted by the adoption of the "bonus pool" mechanism. Subsequently, even if there isn't a proper deferral mechanism, variable remuneration is considerably contracted due to low financial performance of banks. Even though the existing rules on compensation are already aligned with the international framework, Banca d'Italia will revise the regulation on compensation in order to implement the new CRD III provisions and the guidelines that the CEBS is expected to issue. The implementation of the CRD III will also require some limited amendments to the primary regulation (eg the Banking Law), to specify, *inter alia*, the corrective measures that the Bank of Italy may adopt.

IV. Improving OTC derivatives markets						
17	(Lon)	Development of action plan on the standardization of CDS markets (eg CCP)	We will promote the standardization and resilience of credit derivatives markets, in particular through the establishment of central clearing counterparties subject to effective regulation and supervision. We call on the industry to develop an action plan on standardisation by autumn 2009.	Autumn 2009	**Bank of Italy and Consob** Within the OTC Derivatives Regulators' Forum, established in September 2009, the Bank of Italy is cooperating with other financial regulators in order to promote, among other things, consistent public policy objectives and oversight approaches for OTC derivatives central counterparties - CCPs - and trade repositories -TRs- (including the development of international cooperative oversight arrangements that may be applied to individual systems) and coordinate the sharing of information routinely made available to regulators or the public by OTC derivatives CCPs and trade repositories. In particular the Forum has: - defined a cooperative oversight framework for the Trade Information Warehouse (TIW), the global trade repository for credit default swaps; - identified the information needs of the different regulators involved in the Forum on global OTC derivatives TR; - acquired and shared information on TRs and CCPs operating on the OTC derivatives market With regard to standardization, the industry deliverables in this field that market participants submitted to their primary supervisors were shared with Forum members in the last June meeting held in Rome. As for Consob, it takes part in the work of CESR and IOSCO on the relevant issues. The European Commission issued recently a proposal for European regulation.	Bank of Italy will contribute to the forthcoming Forum's activities encompassing the definition of cooperative oversight frameworks for recently established TRs, the sharing of information to be provided by new CCPs and TRs entering the market and continuing dialogue with CCPs and TRs. Next steps will also depend on the negotiation at EU level.

18	(Pitts)	Trading of all standardized OTC derivatives on exchanges etc.	All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements.	By end-2012 at the latest	**Ministry of Economy and Finance, Bank of Italy and Consob** The European Commission published on September 15th a proposal for a Regulation of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories. .The Ministry of Economy and Finance contributed to the definition of the aforementioned proposal by participating (together with Bank of Italy and Consob) to the Member States Working Group that supported the EC work in this field . Italy shares the BCBS view that collateral and mark-to-market exposures to CCPs should have a low (but not zero) weighting only if they comply with the enhanced standards for CCPs which are to be issued by the Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO). Counterparty credit exposures to CCPs that do not meet these high standards would be treated as bilaterally cleared exposures subject to a standard risk weight under the regulatory capital framework. Consob takes also part in the work currently undertaken at European level (for which the European Commission issued recently a regulatory proposal) as well as in the work carried out at the level of IOSCO (also in conjunction with the CPSS).	Next steps depend on: the approval process of the European Commission proposal by the European Parliament and the Council; the adoption by the EU Commission of the envisaged delegated acts; the drafting of regulatory technical standards by ESMA.

V. Addressing cross-border resolutions and systemically important financial institutions						
19	(Pitts)	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.	Ongoing	The scope of regulation and supervision in Italy has traditionally been wide. Banks, non-bank financial institutions (including hedge funds, private pools of capital and securitization vehicles) and insurance companies are subject to consolidated prudential supervision (by Banca d'Italia and ISVAP) and conduct of business oversight (by Consob).	A restructuring of Banca d'Italia's Banking and Financial Supervision Department has been undertaken, with a view to increase the effectiveness of supervisory actions. In implementing the reform, particular attention is being devoted to monitoring the build-up of macroprudential risks and the emergence of vulnerability factors across the overall financial system, along with strengthening traditional microprudential tools. In particular, macroprudential analysis and microprudential controls are part of an interactive approach that is subdivided into various phases: - individuation of risks and structural vulnerabilities that, in case of adverse circumstances, may have repercussions on the financial system as a whole or on its specific sectors; - determination of shock transmission mechanisms, distinguishing between areas where shocks have immediate effects and areas in which they occur only afterwards, because of interaction mechanisms between the real and financial economy or among the operators in the financial market; - prior assessment of vulnerabilities in terms of probability of the event and its possible impact, also through stress tests; - check of the permanence of risk factors among operators and/or in their reference markets (i.e. by specific/targeted inspections or off-site controls); - evaluation of the possible systemic relevance of risk factors emerged during the abovementioned analyses; and - urging supervisory actions in order to mitigate the potential impact of the vulnerabilities found (i.e. by recommendations to the system).

20	(Pitts)	Development of resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future	We should develop resolution tools and frameworks for the effective resolution of financial groups to help mitigate the disruption of financial institution failures and reduce moral hazard in the future. Our prudential standards for systemically important institutions should be commensurate with the costs of their failure. The FSB should propose by the end of October 2010 possible measures including more intensive supervision and specific additional capital, liquidity, and other prudential requirements.	October 2010	Banca d'Italia's current prudential regulations already take the systemic importance of supervised financial institutions into account, according to a proportionality criterion. In the context of Basel II Pillar 2, in particular, institutions deemed as systemically important are subject to stringent prudential requirements, especially for risk control procedures and corporate governance. Furthermore, Banca d'Italia is developing a framework for the effective resolution of financial groups consistently with the work of the FSB Cross Border Crisis Management Working Group, including recovery and resolution plans for systemically important institutions. See also answer to question 45. ISVAP takes actively part to CEIOPS' activities in the field of financial stability, among others to those related to the monitoring of the 30 major cross border EU insurance groups.	Banca d'Italia is evaluating different policy options to effectively supervise systemically important financial institutions (SIFIs), also with a view to contributing to the current international debate on this issue. Indeed, Banca d'Italia actively participates in the FSB SIFI project and other working groups of the BCBS which are evaluating and discussing policy options to deal with SIFIs.
VI. Strengthening adherence to international supervisory and regulatory standards.						
21	(Lon)	Adherence to international prudential regulatory and supervisory standards	We call on all jurisdictions to adhere to the international standards in prudential, tax and AML/CFT areas. We are committed to strengthened adherence to international prudential regulatory and supervisory standards.	Ongoing	Italy is strongly committed to adhere to international standards in prudential, tax and AML/CFT areas and, in light of the identified harmful influence exerted by illicit proceeds within the legitimate economy, Italy adopted a legal strategy of both preventive and punitive measures, and seizure and confiscation procedures aimed at weakening the economic, political and social power of organised crime. At the same time, adherence to international standards in these areas is essential by all jurisdictions. To such end, Italy supports and actively engages both in bilateral and multilateral processes aimed at enhancing universal compliance with international standards in these areas, applying incentives and pressure to non cooperative jurisdictions to be identified. In the field of AML, since the latest update provided in January 2010, Italy adopted Decree-Law n. 78 of 31 May 2010 converted into Law n.122 of 30 July 2010 (hereinafter the Law).	In April 2010 the consultation on Bank of Italy draft paper on AML/CFT organizational and internal control requirements ended. The document intends to set guidelines for supervised entities in defining AML responsibilities and designing AML controls and procedures. A specific section is dedicated to AML compliance at group level by cross-border financial groups. The guidelines are expected to be published by the end of the year. In September 2010, the Bank of Italy published for consultation a draft document offering operational guidance to the implementation of EC regulation 1781/2006 on information on the payer accompanying transfers of funds. The paper intends to set guidelines for supervised entities when

					In particular, such Law: ▪ Strengthened current limitations and prohibitions on cash payments and bearer passbooks, lowering the threshold for cash payments to 5,000 EUR. ▪ Raised the attention of Financial Institutions (FIs) and AML Designated Non Financial Business and Professions (DNFBPs) on cash transactions, establishing that carrying out cash operations frequently or however without apparent justification shall give rise to suspect − in particular the withdrawal or deposit, through FIs, of cash amounts equal to or higher than 15,000 EUR. In the tax area, since the last update provided in October 2009, the Italian Government introduced a new set of rules, through Decree Law 194 of 30 December 2009, affecting the legislation aimed at tackling the use of tax havens (Decree Law 78 of 1 July 2009) through an extended deadline to effectuate controls for the tax authority (terms are doubled in this case). As a result, the Italian controlling offices have now more time to proceed in their controls and assessments, and this makes more risky the use of tax havens and non-cooperative jurisdictions with the purpose of avoiding and evading taxes. In addition, Italy is negotiating bilateral agreements with other countries and jurisdictions, which provide tax information exchange provisions in line with the highest international standards of transparency. From a multilateral perspective, Italy participates in the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and, with this regard, in the process of peer review of the implementation of the relative standards.. Finally, Italy issued regulations aimed at incentivising the regularization and repatriation of funds previously exported in violation of tax rules. In particular, the "tax shield" has been introduced by Article 13-bis of Decree-Law no. 78, enacted on July 1st, 2009, as amended by subsequent legislation. Its provisions are addressed to individuals and to other subjects being State residents for tax purposes, that had exported or held capital or assets offshore prior to December 31st, 2008, in violation of the so-called "tax monitoring" and relevant	complying with disclosure requirements set by the EC regulation. A specific section is dedicated to cover payments. The guidelines are expected to be issued in the first quarter of 2011.

					tax obligations. The "tax shield" legislation provides for two mechanisms: "regularization" and "repatriation". Regularization, which means that the taxpayer continues to hold his assets abroad, is only applicable when the assets are held in EU member states and countries that allow an effective exchange of information. Repatriation means that funds and financial assets held abroad are repatriated in Italy. To benefit from these provisions, the taxpayer must pay an amount equal to 50 percent – including all interest and fines without the faculty of deducting any withholdings or credits – of gross profits, which are assumed to be 2 percent annually for the five years prior to repatriation and/or regularization. No deductions are allowed in case of losses. The deadline to complete all repatriation or regularization, originally set on December 15, 2009, has been extended by Decree Law 194 of 30 December 2009 through 30 April 2010, but higher rates instead of 50 percent apply (60% or 70%, depending on the date of repatriation). As to end 2009, the "tax shield" made possible 95 billion euros of illegally exported capital to surface, 98 per cent of which due to repatriation. Established that, based on FATF and OECD decisions, as well as on information resulting from evaluation reports on AML/CFT regimes or difficulties raised in information sharing, including information related to tax, Italy can inhibit any relationship between foreign entities occulting their beneficial owners (trusts, fiduciaries, companies controlled by bearer shares and similar legal persons) set up in jurisdictions to be identified and the Italian FIs and/or DNFBPs. In addition, Legislative Decree n.141 of 13 August 2010 strongly amended the structure of the Italian financial sector. The above Decree rationalised the authorisation and supervision regimes of FIs performing loan activities and for financial agency relationships, and innovated the authorisation and AML/CFT control regimes for fiduciaries. Furthermore, the scope of Legislative Decree n. 231/2007 (AML/CFT Law), now includes payment institutions' agent	

22	(Lon)	Periodic peer reviews	FSB members commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP reports.	Ongoing	Italy is fully committed to the principles enshrined in the FSB statute regarding the endeavours of maintaining financial stability, enhancing the openness and transparency of the financial sector, implementing international financial standards. The Ministry of the Economy actively participates in the FSB Standing Committee on Standard Implementation, which has been tasked to conduct peer reviews in these matters Italy took part in the IMF FSAP and it is currently under FSB review.	Italy itself was subject to a country peer review within the context of the FSB SCSI. The evaluation exercise was completed at the end of 2010.

23	(WAP)	Undertaking of FSAP	All G20 members commit to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessment of countries' national regulatory systems.	Ongoing	Italy remains committed to strengthened adherence to international prudential regulatory and supervisory standards. In the FSAP underwent by Italy published in 2006, all three major prudential standards by BCBS, IAIS and IOSCO were assessed with a satisfactory rate of compliance and can be found under http://www.imf.org/external/np/rosc/rosc.asp and http://www.imf.org/external/pubs/ft/scr/2004/cr04133.pdf . Following the 2006 FSAP assessment, several corrective actions were introduced in areas where Italy was considered non compliant or only partly compliant. Such actions could not be assessed by the IMF but clearly address its 2005/2006 recommendations. A prominent example is art. 24 of the Savings Law as modified by legislative decree 303/2006 introducing legal protection for supervisors acting in good faith, thus correcting the non compliance assessed for Basle Core Principle 1.5 and a similar recommendation made in the insurance field. Several legislative and supervisory actions undertaken in the insurance field also addressed many FSAP recommendations relating to the partly compliant grade for 8 out of the 28 IAIS principles. Italy also believes that the undertaking of a FSAP by all G20 members as well as the peer review mechanism established under the Standard Implementation Committee of the FSB will strongly contribute to domestic and international financial stability. Italy has undertaken an assessment within the first round of FSB peer review.	Italy itself was subject to a country peer review within the context of the FSB SCSI. The evaluation exercise was completed at the end of 2010. Indeed, Italian authorities are aware of the importance of the implementation of international standards, and, in order to improve it, they are adapting some elements of their organization.

24	(FSF 2008)	Additional steps to check the implementation of int'l guidance	V.11 National supervisors will, as part of their regular supervision, take additional steps to check the implementation of guidance issued by international committees.	Ongoing	**Bank of Italy and Consob** Banca d'Italia is actively engaged in the international for a (BCBS, CEBS, WGs established by the EU Commission) in contributing to the development of guidance for the application of prudential standards. It is also committed to implement such guidance as part of its regular supervision. As recent examples of additional steps taken to check the implementation of guidance issued by international committees, the following may be quoted: i) verification of banks' compliance with the principles and standards issued by the FSB on compensation (see also answer to no. 15 and 16); ii) verification of liquidity risk management capabilities (see also answer to no. 7). The action taken to ensure implementation by banks of the BCBS enhanced stress testing practices (see also answer to no. 4). Further to the implementation of the Italian Insurance Code (which came into force as of 1 January 2006), the vast majority of ISVAP's Regulations were recently recasted, reviewed and updated. In this process, we also implemented guidance issued by international committees; in some areas, such as group supervision, colleges of supervisors and internal control and risk management, current ISVAP Regulations can be seen as a benchmark since they anticipate future EU rules (Solvency II). Consob is strongly committed in ensuring adherence to international (EU and IOSCO) standards.	

VII. Other issues						
Developing macroprudential frameworks and tools, realigning and ensuring an adequate balance between macroprudential and microprudential supervision						
25	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	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.	Ongoing	In Italy non-bank intermediaries are already supervised by Banca d'Italia (for prudential purposes) and Consob (for conduct of business purposes). Hedge funds are subject to reporting requirements concerning, for instance, their exposures and leverage. Banca d'Italia has recently set up a task force on risks, which regularly analyzes various sources of risk likely to affect the financial system in the short/medium term; with special reference to non-bank intermediaries, a study was carried out to assess the probability of default of the real estate funds in some stress scenarios. In the future this analysis will be carried out regularly.	The Banca d'Italia is actively participating in the BCBS working group on Macroprudential Supervision, aimed at developing approaches to promote the practical implementation of macroprudential supervision for the banking sector and the wider financial system. Banca d'Italia is also reviewing its (internal off- and onsite) supervisory practices in order to more explicitly take into account the impact/build-up of macroprudential risks across the financial system. Particular attention is being devoted to the planning and actual conduct of banks' (on- and off-site) thematic reviews, which focus on possible vulnerability factors across the financial system. Furthermore, a process to strengthen the supervision on non-bank intermediaries mainly engaged in lending activities is under way. In July 2010 the Government approved a legislative decree which: a) implements the EU Consumer Credit Directive, thus improving the transparency of the industry; b) redefines the provisions regarding financial companies (Tit. V of Consolidated Banking Law) and financial brokers.

26	(Lon)	Powers for gathering relevant information by national regulators	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.	Ongoing	**Bank of Italy and Consob** The scope and depth of the information that Banca d'Italia has the power to collect, through standard reports by supervised financial intermediaries, ad-hoc surveys/questionnaires, as well as its wide central credit register are broad. This information is particularly useful to assess the potential for failure or severe stress to contribute to the build up of systemic risk across the financial system. Applicable law provides ISVAP with powers to gather necessary information. (Insurance Code: law decree 209/2005, articles 5-6, 188-190) At EU level, ISVAP is actively taking part into the works of CEIOPS crisis TF. Among the objectives of this TF is the development of common formats for collecting data in a consistent way in the EU insurance sector, for early common detection of potential failures or excessive exposures. Moreover, the Italian regulatory framework grants Consob a wide power to request information in order to perform its mission.	At the European level, the Committee of European Banking Supervisors (CEBS), in which Banca d'Italia actively participates, is working to achieve full consistency among the member states' financial and supervisory report systems (so called FINREP, financial reporting, and COREP, common reporting for supervisory purposes). CEBS aims at receiving first data based on the final revised FINREP as of 31 March 2012. Moreover, Banca d'Italia is cooperating with the IMF in the project aimed at reviewing and updating an internationally-agreed set of financial soundness indicators (FSIs). At EU level, within the context of Solvency II, ISVAP actively contributes to CEIOPS works on common reporting formats in the insurance sector. This activity is envisaged within the context of the EU legislative process.
27	(Lon)	Review of the boundaries of the regulatory framework	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.	Ongoing	**Bank of Italy and Consob** According to applicable law (law decree 262/05 art. 23), Italian Authorities shall revise their regulations at least every three years so as to keep pace with market developments and to properly protect investors' and savers' interests. Italian supervisory authorities play an active role in the Joint Forum work. As far as practicable under the existing legal framework, Consob is committed to align the perimeter of its regulatory action in line with the relevant EU and IOSCO initiatives.	The Government has approved a legislative decree with the aim to update the regulation of the nonbank financial sector. The Ministry of Economy and Banca d'Italia are now working on the implementing legislation.

28	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macroprudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macroprudential (system-wide) level. On leverage ratios for banks, work by the BCBS to supplement the risk based capital requirement with a simple, non-risk based leverage measure is welcome. Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.	End-2009 and ongoing	Banca d'Italia regularly assesses Italian banks' leverage using different leverage ratio definitions. The assessment is also conducted consistently with EU exercises.	

29	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	Banca d'Italia is contributing to the international debate on how to take explicitly into account the objective of financial stability when undertaking monetary policy actions. It has recently carried out a number of analyses on the macroeconomic impact of house price dynamics. Banca d'Italia is actively participating to the BCBS Macro Variable Task force, whose aim is to identify how banks' capital buffers should vary to take into account changes in the macro economy and in asset prices. A task force in the Banking and Financial Supervision Area has been recently established, with the aim of providing updated analysis on the impact of real and financial variables evolution on the Italian financial system's stability. Assets held by Italian insurance undertakings are monitored monthly, so to highlight arising unrealised gains and losses stemming from their valuation; premiums and lapses are monitored monthly as well, since all these features can affect financial stability and soundness of Italian insurance undertakings. Results of the monitoring are also periodically shared within the Domestic Standing Group established according to EU MoU.	The Supervision task force on risks in the financial system within Banca d'Italia delivers its analysis on a regular basis (half-yearly). Moreover, to assess the resilience of the Italian banking sector to possible shocks Bank of Italy has implemented a full-fledged program of periodic stress tests to be conducted on yearly basis. The design of stress tests is periodically revised in terms of scope, coverage and scenarios to reflect changes in macroeconomic and financial developments. The program usually combines: a "top-down" approach where the supervisory authority calculates risk figures on the basis of in-house methodologies and supervisory reports and a "bottom-up" approach where major banking groups are asked to estimate the impact of predefined shocks by relying on their own internal data and methodologies. Banca d'Italia also participated in the EU-wide stress test initiative coordinated by CEBS in July 2010.

30	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 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.	Ongoing	**Bank of Italy and Consob** During 2009 the Banca d'Italia stuck to its efforts to improve its staff expertise in risk oversight. Overall, about 1,700 personnel units – equal to 3,800 working days – attended training initiatives focused on: procedures for the assessment of intermediaries' risk profile; methods for the analysis of the ICAAP produced by the intermediaries; recent changes in the reporting system. As stated in the (last) (October) report, one of the goals of Banca d'Italia's off-site supervision activity is to point out/identify potential shortfalls in the supervised intermediaries' capability to understand and manage risks. Where necessary, banks are formally warned and urged to take prompt corrective actions. Supervisory meetings with the bank management (e.g. CEO, Audit, Risk Management etc) or, if deemed appropriate, inspections may be arranged. An extensive training programme focused on Solvency II issues is underway. It includes a basic course on fundamental issues as well as an advanced course for actuaries and other skilled staff. In 2009 ISVAP hired 9 qualified staff members. Another public competition for 15 additional qualified staff members is planned in 2010. Consob is actively engaged in discussing financial innovation, including at CESR level where it chairs the group of experts on collective investment schemes.	

31	(FSF 2008)	Supervisory communication with firms' boards and senior management	V.2 Supervisors and regulators should formally communicate to firms' boards and senior management at an early stage their concerns about risk exposures and the quality of risk management and the need for firms to take responsive action. Those supervisors who do not already do so should adopt this practice.	Ongoing	**Bank of Italy and Consob** The on-site controls are focused on the assessment of risk exposures, organisation and risk management. The on-site inspection report is addressed to firms' boards and senior management and aims at pointing out the intermediary's weaknesses and the specific problems identified. As of the second half of 2009, the inspection report includes the overall results of the examinations. Should the inspection report point out weaknesses, the off-site supervision dept. formally urges corrective actions. The Banca d'Italia formally notifies intermediaries of the results of the performed on- and off-site examinations should they highlight weaknesses which require corrective actions. As a follow-up of its supervisory activity, ISVAP formally contacts Italian insurance undertakings which give raise to potential prudential concerns. Consob communicates constantly with the boards and senior management on issues concerning the provision of investment services to the public and on necessary corrective actions.	

32	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 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.	Ongoing	The Bank of Italy has adopted specific internal procedures to ensure regular exchange of information between the different departments involved in the prevention and management of a banking crisis. With a view to enhancing the contribution of the Bank of Italy to the Italian Committee for Financial Stability, which is chaired by the Minister of Finance, internal crisis management arrangements have been reinforced. These arrangements envisage an intensification in the exchange of information between the departments of Supervision, Market Operations and Payments Systems in a crisis situation. The exchange of information may take place through physical meetings, telephone conferences and exchange of emails (which may be encrypted if so required by the nature of the information exchanged). During the recent crisis, a regular two-way exchange of information ensured co-operation between the central banking and the supervisory areas within the Banca d'Italia and supported the mutual understanding of issues on relevant individual institutions and developments in financial markets. ISVAP regularly cooperates with the domestic Authorities responsible for the other financial sector as well as cross-border Authorities. At EU level, through its participation to CEIOPS Crisis TF and to JCFC, ISVAP also gives its contribution to the 3L3 TF on cross-sectoral risks. Moreover ISVAP is taking part to IAIS exercises on the same matter.	

Hedge funds						
33	(Lon)	Registration of hedge funds	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.	End-2009	Italian hedge funds managers are already supervised by Banca d'Italia and Consob. The regulation of hedge funds is less strict than that applied to UCITS. Hedge funds are subject to reporting requirements concerning, for instance, the exposures and the leverage ratio. As part of its general supervision responsibility on asset management companies (including those managing hedge funds), Banca d'Italia carries out controls on the adequacy of internal controls systems, having special regard to risk management tools and procedures, through both on site inspection and regular (at least annual) offsite analysis that entails, inter alia, a review of the organization adopted by intermediaries. Consob co-chairs the IOSCO Task Force on unregulated entities On 9 September 2009 Consob issued a communication (no. DIN/9079688) providing guidance on the correct behaviour and due diligence obligations for asset managers managing speculative/hedge funds. Consob chairs the CESR Investment Management Standing Committee which will be entrusted with the task of advising the European Commission on the implementing measures of the directive which should be finalized soon on Alternative Investment Fund Managers.	Depending on the closing of the negotiation on the alternative investment fund managers directive. A recent law (D.L. 78/10) has updated the regulation of funds reserved to professional investors, including hedge funds. The Ministry for Economy and Finance and the Banca d'Italia are working on the implementing measures

34	(Lon)	Effective oversight of cross-border funds	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.	End-2009	Within the European Union there are mechanisms for cooperation and information sharing regarding UCITS. At European level, Consob leads the Committee of European Securities Regulators (CESR), IMEG (Investment Management Expert Group) which has delivered an opinion to the European Commission on cooperation arrangements to be implemented in case of remote management of collective investment schemes/mutual funds (i.e. where a fund is established in another jurisdiction). Consob co-chairs the IOSCO Task Force on unregulated entities. Consob is also a member of the IOSCO supervisory cooperation Task Force.	**Bank of Italy and Consob** As for the “alternative” funds, these cooperation mechanisms should be introduced by the EU Directive on AIFM - Alternative Investment Fund Manager, presently under discussion. The European Commission has submitted legislative instruments drafted on the basis of the advice provided by CESR to the European Securities Committee (and where appropriate to the Parliament). The package is expected to be approved by the European Commission before end of June 2010. National implementation will follow. The CESR group on asset management chaired by Consob is working toward supervisory standards on risk measurement. An improved framework for UCITS will enter into force as from the 1st of July 2011. The new framework includes improved regulation of the asset managers as well as cooperation mechanisms in case of cross border business.

35	(Lon)	Effective management of counter-party risk associated with hedge funds	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.	Ongoing	In its implementation of the standardized approach for credit risk Banca d'Italia envisaged that exposures to investment funds not subject to limitations on the use of leverage (hedge funds) should be assigned a risk weight of 150%. Banca d'Italia may apply a higher risk weight in the event of adverse market conditions. Banca d'Italia may also require a 150% risk weight for exposures to investment funds associated with particularly high risks. A specific regulation concerning investments of Italian insurance undertakings in hedge funds as assets covering commitments to policyholders is in place. These investments are allowed under defined quantitative limits, differentiated according to kinds of policies (either traditional products or index/unit-linked products). Qualitative requirements apply as well, especially concerning the assessment/management of associated risk, use of stress tests, and added information to be included into the compulsory communications to ISVAP.	The major banking groups detail their practices for managing and mitigating counterparty risk, as well as their participation to the initiatives aimed to reduce the opacity of the OTC derivatives markets (compression cycles, data repository for CDS etc.). In connection with this initiative, managing practices adopted in dealing with hedge funds are analysed.
36	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	See the previous point.	See the previous point.

Credit rating agencies						
37	(Lon)	Registration of CRAs etc.	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.	End-2009	On December 7 2009 the EU Regulation on credit rating agencies entered into force. The Regulation establishes a common framework for measures adopted at national level, in order to ensure the smooth functioning of the EU's internal market with comparable levels of investor and consumer protection from one member state to another. It provides for a legally-binding registration and surveillance system for credit rating agencies issuing ratings that are intended for use for regulatory purposes. Banca d'Italia has actively contributed to the definition of the Regulation and, in general, to the international debate concerning CRAs, pointing out the necessity that the banking supervisors (which are in charge of the recognition of the agencies for prudential purposes) are involved in the regulatory regime (which involves mainly the securities regulators). Consob is actively taking part in the work carried out by CESR preparing the implementing measures of the above mentioned EU Regulation. Consob also takes part to the pre-colleges set out under the aegis of CESR for the initial screening of the CRAs which will be authorized under the abovementioned EU Regulation.	The Regulation is directly applicable in all Member States by 7 June 2010. The Italian Parliament has recently approved the Community Law (the bill contains the provisions for the implementation of community law in Italy) which includes provisions designating Consob as the competent authority for the purposes of the abovementioned EU Regulation and for sanctioning violations committed by CRAs. Regular cooperation between CONSOB, ISVAP, BANK of ITALY competent for the prudential supervision of the entities that make use of rating will be put in place. EU authorities are negotiating an amendment to the EU regulation in order to empower the new European Securities Market Authority (ESMA) with enforcement tasks of the Regulation. The new European Securities Market Authority (ESMA) has been empowered with enforcement tasks of the Regulation.

38	(Lon)	CRA practices and procedures etc.	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.	End-2009	**Bank of Italy and Consob** The mentioned EU regulation is aimed at: - ensuring that credit rating agencies avoid conflicts of interest in the rating process, or at least manage them adequately; - improving the quality of methodologies used by credit rating agencies and the quality of their ratings; and - increasing transparency by setting disclosure obligations for credit rating agencies. The supervisory architecture envisages a strong cooperation between national authorities, in particular through the mechanism of the "college of supervisors"; CESR shall enhance the cooperation between EU bodies and national authorities. Consob is the competent authority in Italy for the implementation of the European Regulation on CRAs and it will exercise its powers in coordination with other European Authorities.	
39	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRAs	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010.	As early as possible in 2010	**Bank of Italy and Consob** Banca d'Italia is strongly involved in the work at CEBS level on the review of the Guidelines on ECAIs' recognition, in the light of the EU Regulation and the recent amendments to the CRD – *Capital Requirement Directive*. The review is aimed to ensure consistency between the oversight and the recognition regime and to avoid the duplication of work for the agencies and the authorities involved. Consob is the competent authority in Italy for the implementation of the European Regulation on CRAs and it will exercise its powers in coordination with other European Authorities.	

40	(FSF 2008)	Review of roles of ratings in regulations and supervisory rules	IV. 8 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.	Ongoing	**Bank of Italy and Consob** Banca d'Italia is actively engaged in the ad-hoc work stream on the use of external credit ratings established by the BCBS within the PDG. The Committee has reviewed the materiality of external ratings in the Basel II framework, focusing on ratings and securitisations; criteria for what constitutes a "qualifying" rating; supervisory expectations for banks using ratings; and the impact of any "cliff effects" that occur from rating cut-offs in the framework. The Committee has also identified the main negative incentives arising from the use of external ratings to determine regulatory capital requirements and developed suggestions to adjust the Basel ii Framework. Consob takes part in the international debate on the issue of overreliance.	The Basel Committee has started a comprehensive review of policy issues related to external rating, securitisation and credit risk mitigation.
Supervisory colleges						
41	(Lon)	Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009	**Bank of Italy and Consob** Banca d'Italia is the home/consolidating supervisor for a number of large Italian cross-border banking groups, of which the largest are Unicredit (UCG) and Intesa Sanpaolo (ISP). The colleges of supervisors of UCG was established in 2006 , after completion of the business combination with the German banking group HVB-HypoVereinsbank; the college of Intesa Sanpaolo Group was established in 2007, after the merger between the Italian groups Banca Intesa and San Paolo IMI. Both colleges have been holding regular plenary (as well as multilateral and bilateral) meetings since their establishment. In the insurance sector, colleges of supervisors are already established for all Italian cross-border groups since 2001, under the aegis of Helsinki Protocol on the group supervision signed by EU insurance supervisory Authorities. Consob is part of the supervisory colleges set out under CESR coordination for the supervision of CRAs.	The underwriting of multilateral co-operation and co-ordination agreements (MMoUs) for the supervision of UCG and ISP has been completed, in accordance with the EU legislation. Some non-EEA supervisory authorities also signed the MMoUs for ISP and UCG.

42	(FSF 2008)	Supervisory exchange of information and coordination	V.7 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.	Ongoing	**Bank of Italy and Consob** Within the colleges of supervisors established by Banca d'Italia, all information necessary for the performance of the college activities, (e.g. model validation, risk assessment and – in the next future –joint decision on risk-based capital adequacy) is exchanged on a regular basis according to EU legislation and CEBS' Guidelines. Website platforms were implemented for UCG and ISP colleges in order to ensure an efficient and comprehensive information exchange within each college according to CEBS' Guidelines. Coordination in the development of best practices is also ensured on a regular basis. Inspectors of the Banca d'Italia join the Colleges of Supervisors in order to share information/best practices and to achieve the coordination of the on-site activity annually conducted by the individual supervisors or by joint teams. CEIOPS has just published on its website a survey on the functioning of colleges of supervisors in the years 2008- 2009. Generally speaking for the EU insurance sector, results of the survey have shown a strong improvement in the frequency of meetings, in the application of CEIOPS guidelines for their functioning and in the intra-group transactions monitoring; a slight improvement in the areas for the setting-up work plan and emergency work plan. The college of supervisors of the major Italian insurance group (Generali) complies with all requirements envisaged by CEIOPS and has already set up an emergency work plan. Consob takes part in the relevant work at European and International level.	

Crisis management						
43	(Lon)	Implementation of FSF principles for cross-border crisis management	To implement the FSF principles for cross-border crisis management immediately. Home authorities of each major financial institution should ensure that the group of authorities with a common interest in that financial institution meets at least annually.	Immediate	The relevant supervisory colleges have already been established (in 2006 for Unicredit and in 2007 for Intesa Sanpaolo). At the end of last year the Banca d'Italia promoted – for UniCredit – the establishment of a dedicated small team with the aim to develop cross-border liquidity management arrangements. Colleges of supervisors of all Italian cross-border groups meet at least annually.	The Banca d'Italia is evaluating together with the Hungarian authorities the feasibility of the establishment of the dedicated small team also for Intesa Sanpaolo (the alternative being, for example, a bilateral relationship/MoU).
44	(Pitts)	Development of contingency and resolution plans by SIFIs and the establishment of crisis management groups etc.	Systemically important financial firms should develop internationally-consistent firm-specific contingency and resolution plans. Our authorities should establish crisis management groups for the major cross-border firms and a legal framework for crisis intervention as well as improve information sharing in times of stress.	End-2010	In December 2009 a crisis management group was established with the intervention of Supervisory Authorities and the Central Banks of four different countries. The meetings of the groups will be held, at least yearly, in connection with the College of Supervisors' ones. The group is aimed at analyzing and eliminating the obstacles to a smooth coordination of crisis management action. The largest Italian banks are engaged in preparing the recovery and resolution plans. Banca d'Italia is currently reviewing the information provided by the banks with a view to finalising a draft of the recovery and resolution plans and discuss it with the host authorities.	The setting up of such CMGs will follow the ongoing work at the international level.

45	(Tor) (WAP) (FSF 2008)	Implementation of BCBS recommendations on the cross-border bank resolution	We endorsed and have committed to implement our domestic resolution powers and tools in a manner that preserves financial stability and are committed to implement the ten key recommendations on cross-border bank resolution issued by the BCBS in March 2010. National and regional authorities should review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex cross-border financial institutions. VI.6 Domestically, authorities need to review and, where needed, strengthen legal powers and clarify the division of responsibilities of different national authorities for dealing with weak and failing banks.	Ongoing	Banca d'Italia is actively taking part in the EU process promoting the review of resolution regimes aimed at ensuring an orderly winding down of large cross-border financial institutions, by contributing to the CEBS' work in the field of early intervention tools and to the EU Commission work for enhancing banking crisis management framework. Banca d'Italia is also taking part to the FSB SIFI project, which is defining proposals to make SIFIs resolution a viable option. The division of responsibilities among different national authorities is clear and it has not represented an issue in the recent crisis. In 2008 the Committee for the safeguarding of financial stability (the Domestic Standing Group in Italy), was established, with the objective of ensuring cooperation as well as sharing of information and assessments among supervisory authorities and the Ministry of Economy and Finance. In the recent crisis it has proved a useful tool to ensure coordinated action between national authorities. The Committee last met on 22 September 2010.	Banca d'Italia supports and participates to the work of international groups addressing issues relating to crisis management and resolution at G20, FSB and EU levels.

46	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed.	Ongoing	Italy broadly complies with the core principles for effective deposit insurance systems, recently issued by the IADI (International Association of Deposit Insurers) and the BCBS (Basel Committee on Banking Supervision). No action has been therefore been taken since the FSB monitoring exercise in Oct. 2009.	Following the 2009 revision of the EU directive on Deposit Guarantee Schemes (DGS), amendments are in the pipeline in order to make domestic regulation fully compliant with EU Directive, with particular regard to the payout delay. Furthermore, Banca d'Italia and Italian Minister of Economy are taking part to the discussion at the EU Council on a new Directive proposal presented by the EU Commission aimed at achieving more convergence on the level and scope of depositors' protection in Europe as well as on their funding mechanism.
Risk management						
47	(WAP)	Development of enhanced guidance for banks' risk management practices	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.	Ongoing	Traditionally supervision carefully checks internal control and risk management systems' compliance with regulations. Special attention has recently been paid to how banks implemented: 1. Pillar 2 provisions requiring to perform, together with the annual capital adequacy assessment, an appraisal of the effectiveness of the systems devoted to risk detection, management, mitigation and control, especially for those risks that are measurable with more difficulty (e.g. strategic and reputational risks); 2. provisions on organisation and governance, including also principles and guidelines for the definition of compensation and incentive systems, consistent with the solutions discussed at the international level. Regulation concerning internal control and risk management systems of Italian insurance companies was issued by ISVAP in 2005 and has been strengthened and updated in 2008. Verification of proper functioning of internal control and risk management systems is ongoing especially through on –site inspections which complement usual off-site supervision activity.	Verification of proper functioning of internal controls and risk management systems is underway, especially through on-site inspections which complement the ongoing off-site supervision activity. An overall revision of the regulatory framework for internal controls and organizational requirements of banks and other intermediaries is planned, in order to align the framework to the FSB's recommendations and promote stronger risk management practices.

48	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	Banca d'Italia has been conducting (top-down) stress tests on the Italian banking system since 2005 (when the IMF conducted its FSAP on Italy). In 2008 Bank of Italy launched a full-fledged program of periodic stress tests to be implemented on a periodical basis. The design of stress tests is periodically revised in terms of scope, coverage and scenarios to reflect changes in macroeconomic and financial developments. A new round of stress tests was carried out this year, in connection with the 2010 EU-wide exercise coordinated by CEBS. The results have been published in the Bank's Annual Report. Stress tests have now become a standard supervisory tool to assess the resilience of both the overall system and large individual institutions to severe shocks. ISVAP conducted a stress test at national level in 2009. ISVAP is also taking part to the CEIOPS stress test launched in December 2009 at EU level for 30 major groups, whose results are currently under analysis.	A new round of stress tests will be undertaken in 2011 both at national and European level. Based on the experience gained in last year's exercise, further efforts will be made by national authorities to apply uniform methodologies and approaches at European level in order to increase consistency and transparency of the overall process. To this end, Banca d'Italia has set up an internal working group in the Supervision Department devoted to the conduct and analysis of the results of stress tests on the banking system.

49	(Pitts)	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.	Ongoing	On-site controls are aimed at assessing the impairment of assets; they contribute to the identification of intermediaries that need to raise additional capital and receive the supervisory intervention provided for by SREP analysis of capital adequacy. Being Italian banks focused on traditional activity, impaired assets stem mainly from traditional lending operations. Having to cope with the growing need for provisioning on credit losses generated by the crisis, Italian banks bolstered their capital base by raising capital from the share-holders and the market, selling off non core activities, limiting profit distribution. Owing to the crisis, off-site monitoring concerning credit quality has been reinforced. On-site controls are targeted to evaluate the impairment of credits, both on the corporate and retail side. On the basis of the monitoring or analysis of the data collected from the Italian insurance undertakings, ISVAP adopted measures in a number of cases where undertakings had registered significant losses in their portfolio in order to ensure an adequate solo and adjusted solvency index. In nearly all the cases undertakings were reminded of the need to restore an adequate capitalisation level through the addition of new assets of high quality.	The banks capital adequacy under the present credit quality downturn is being constantly monitored. It must also be pointed out that the need for raising additional capital to face the ongoing deterioration in credit quality ranks high in the agenda of major banking groups; the issue is being discussed in each periodic meeting between Banks’ and Banca d’Italia top representatives. The opportunity to resort to a formal recommendation to the banking system is being attentively considered.

50	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	During 2010, supervisors and regulators will: • implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish clear rules for banks' management and disclosure; • implement IOSCO's proposals to strengthen practices in securitisation markets.	During 2010	Within the appropriate international fora (BCBS-PDG and CEBS), Banca d'Italia has participated in the definition of supervisory rules and practices aimed at: i) increasing banks' awareness of the actual risk inherent in securitisation instruments; ii) bringing the originator's interests in line with those of investors in securitisation instruments. In July 2009 the Basel Committee published some amendments to the Basel II Accord. Part of these (e.g. the mandatory retention requirement, enhanced due diligence, improved disclosure) have already been incorporated in amendments to EU legislation (Directive 2009/111/EC - "CRD2"). Other changes (e.g. trading book, complex re-securitisations; supervisory review of remuneration policies) will be included in further amendments to EU legislation ("CRD3" proposal: the EU Council approved it on 10 Nov. 2009; the EU Parliament plans is adoption in June 2010, indicatively). In the meantime, additional emphasis has been placed on securitisation risks in on-site inspections.	The "CRD2" changes will be implemented by Banca d'Italia through amendments to national prudential regulation by the mandatory deadline of 31 Dec. 2010. The "CRD3" proposal has 31 Dec. 2011 as implementation date, with the exception of rules on remuneration practices, which shall enter into force as of 1 Jan 2011. At national level the planned next steps will consist of amendments to existing legislation, to the extent needed, as well as changes/integrations to supervisory regulations. Italian provisions will have no differences from relevant international principles, guidelines or recommendations. As to the challenges posed by implementation, the transposition process will have to be highly efficient, to carry out the various procedural steps (design of new provisions, public consultation, processing of comments, approval of final regulations) within the mandatory deadlines.
51	(Lon)	Improvement in the risk management of securitisation	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.	By 2010	Please refer to point 50 above.	Banca d'Italia is currently reviewing the instruments for the monitoring of the securitisation deals, in the light of the recent changes in the legislative framework (in particular, SPVs are no longer required to enrol in the "Special Register" of the financial companies held by Banca d'Italia). The monitoring on securitisation transactions should be focused on servicers, which, in the Italian context, must necessarily be banks or financial companies subject to prudential supervision. Please see also point 50 above.

52	(Pitts)	Retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.	Ongoing	A 5 per cent retention requirement on securitizations is set out in Article 30 of Directive 2009/111/EC - "CRD2".	Banca d'Italia is committed to transpose the retention requirement in national regulations by end-2010 (see point 50 above). ISVAP actively contributed to CEIOPS works on this and in particular to the Advice to the European Commission currently under publication. The abovementioned activities are envisaged within the context of the EU legislative process.
53	(WAP)	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.	Ongoing	Banca d'Italia has continued to verify the adequacy of information supplied by the main banking groups with respect to the areas affected by the financial crisis. The result of the analysis has generally confirmed Italian banks' compliance with disclosure requirements. The compliance has been confirmed within the "*Assessment of European banks' transparency in 2008 and 2009 audited annual reports*" carried out by CEBS. Joints document issued in February 2009 and March 2010 by Bancad'Italia, CONSOB and ISVAP has given recommendations concerning respectively "disclosure in financial reports on the going concern assumption, financial risks, tests of assets for impairment and uncertainties in the use of estimations" and "disclosures on asset impairment tests, financial debt contract clauses, debt restructuring and fair value hierarchy". Furthermore, Banca d'Italia has also recently introduced the changes to IAS/IFRS (for example, the changes of IFRS7with respect to the fair value hierarchy and the reclassifications of financial assets) in the Italian regulation for the compilation of banks and other financial intermediaries' financial statements.	The disclosure framework is expected to be improved as a result of international efforts such as the amendments to IAS 39 (provisioning and related disclosure).

54	(FSF 2008)	Strengthening of supervisory requirements or best practices fir investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	**Bank of Italy and Consob** Consob imposes strict due diligence rules on the asset managers and other institutions falling within its remit. Italian mutual funds typically have an extremely limited exposure in structured products. Italian insurance companies are subject to qualitative/quantitative limits for investments, which are applied also to investments in structured products, also in order to avoid concentration; specific qualitative requirements are envisaged for investments in derivatives and structured products, which are allowed for the sole purpose of reducing investment risk or for effective portfolio management; short selling is not allowed. Since September 2007, Banca d'Italia has paid great attention to the need to ensure effective disclosure, with particular regard to risks associated with SPEs, CDOs subprime and Alt-A exposures, CMBSs and leverage finance. In February 2009 Banca d'Italia, CONSOB and ISVAP issued a joint recommendation on disclosure directly referred to the April 2008 FSF recommendation. Furthermore, in November 2009 Banca d'Italia updated its regulation on banks' financial statements, that now requires banks to provide any additional material data and information on the risk profiles as well as any other relevant aspect related to the innovative products.	

Others						
55	(Pitts)	Development of cooperative and coordinated exit strategies	We need to develop a transparent and credible process for withdrawing our extraordinary fiscal, monetary and financial sector support, to be implemented when recovery becomes fully secured. We task our Finance Ministers, working with input from the IMF and FSB, to continue developing cooperative and coordinated exit strategies recognizing that the scale, timing and sequencing of this process will vary across countries or regions and across the type of policy measures.	Ongoing	Within the EU, the Ecofin Council has undertaken to ensure that exit strategies: - be duly coordinated among Member States, so as to avoid spill-over effects; - take into account the legal framework, including the relevant state aid decisions; and - be based on transparency and appropriate incentives. Coordination in exit strategies should focus, inter alia, on timing, sequencing, methods and conditions. In particular, the timing of exit should take into account country specific circumstances, tax payers' interests and the need to maintain financial stability. The Ecofin Council has also broadly agreed that the phasing out process should start with government guarantees, in such a manner as to encourage the exit of sound banks and allow other banks to address their problems. Since late 2008, the Italian government has adopted a scheme entailing a wide range of measures in order to ensure that the banking system keeps providing its essential intermediation function in favour of the real economy. The scheme enabled the Italian government to carry out different kinds of interventions, among which the State subscription of special core Tier 1 financial instruments issued by financially sound banks. The possibility of adopting the abovementioned measure expired on 31 December 2009 but was recently made again available until 31 December 2010.	Banca d'Italia has participated in the conduct of the EU-wide stress test exercise mandated by the Ecofin Council to CEBS, with a view to providing insights on the strength of the banking system's balance sheets, particularly the quality of assets and the adequacy of capital, and information on the dependence of EU banks on public support and on the amount of the capital which may be available for further lending in the context of the exit strategies. To this end, CEBS has published the results of stress tests in July 2010. ISVAP has conducted in 2009 a stress test on Italian insurance market. Moreover ISVAP has participated in the EU wide stress tests conducted for the insurance sector on group basis inside CEIOPS. The results have been presented by CEIOPS to the Economic and Financial Committee in March 2010.

<u>Origin of recommendations</u>:

Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)
WAP: 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)