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

		G20/FSB RECOMMENDATIONS		DEAD-LINE	PROGRESS TO DATE 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.	PLANNED NEXT STEPS 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	The U.S. is implementing Basel II. The U.S. banking agencies published their rule implementing the advanced approaches of Basel II in 2007, effective on April 1, 2008. The rule focuses on the largest, internationally active institutions for which the Basel II advanced approaches are appropriate. The rule currently applies on a mandatory basis to approximately 18 U.S. bank holding companies holding about 70% of assets in the U.S. banking system. In mid-2010, nine banking organizations entered one year parallel runs and the agencies expect at least an additional four banking organizations to be in parallel run by 2012 depending, in part, on when they became subject to the rule. Four other banking organizations are more recently subject to the rule and accordingly have later implementation schedules. The U.S. rule requires major banking organizations to implement all aspects of the advanced approaches before beginning the parallel run, which imposes significant costs for these banks. U.S. banks have already raised substantial capital following the Supervisory Capital Assessment Program. The new capital standards have to be implemented at the national level. The Basel III framework agreement that was just reached, and other Basel III proposals, must be fully implemented through national regulations by the end of 2012. The United States is committed to meeting these deadlines. The Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (Public Law 111-203, H.R. 4173) was signed into law by President Barack Obama on July 21, 2010. Certain sections take effect immediately, and other provisions will be implemented with delayed dates of entry into force. The banking agencies are working on rulemakings to implement the Basel Committee's 2009 enhancements, although these rulemakings are complicated by the Dodd-Frank Act's prohibition on references to credit ratings in regulations.	As U.S. firms proceed with the parallel run, supervisors will assess whether firms' systems, models, and data are adequate to qualify them to transition to Basel II. If firms qualify to transition on to Basel II, they will be subject to a permanent floor that is equal to the generally applicable capital rules (100 percent of the Basel I-based capital rules) that are applicable to all banks as contained in Section 171 of the Dodd-Frank Act. The banking agencies published an Advance Notice of Proposed Rulemaking on alternatives to the use of credit ratings in regulations in the Federal Register on August 25, 2010. The comment period closed on October 25, 2010. The banking agencies received 26 comment letters and are in the process of developing proposals.
2	(FSB 2009)	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-	By end-2011	The U.S. is committed to implementing the Basel Committee's market risk revisions in 2011. Secretary Geithner and Commissioner Barnier agreed in May 2010 to work toward implementation in 2011 within their respective legal systems and in coordination with the BCBS. Secretary Geithner reiterated the US commitment to this timetable before the U.S. Congress on September 22, 2010. Basel market risk revisions were published in July 2009 and the U.S. agencies are working to incorporate	The banking agencies received 26 comment letters on the August 25, 2010 ANPR and are in the process of developing proposals. The comment period for the trading book NPR closes on April 11, 2011.

	(Tor)		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.		them into their capital rules. The implementation of the market risk revisions is complicated by the Dodd-Frank Act's requirements to remove reference to credit ratings in regulations. The banking agencies published an Advance Notice of Proposed Rulemaking (ANPR) on alternatives to the use of credit ratings in regulations in the Federal Register on August 25, 2010. The comment period closed on October 25, 2010. On January 11, 2011, the banking agencies published an NPR to revise their market risk capital rules to better capture risk in the trading book.	The comment period for market risk capital rules closes on April 11, 2011.
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	U.S. supervisory guidance requires banking organizations to adhere to prudent policies on dividends and on capital instrument redemptions and repurchases to maintain strong capital and a willingness to lend.	Supervisors continue to emphasize existing policies and guidance, with an emphasis on firms experiencing financial difficulties or receiving public funds.
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	Supervisors conducted a horizontal review of banks' capital planning processes to ensure that banks have adequate capital to remain viable in a worse-than-expected economic environment, including stress testing against credible adverse macroeconomic scenarios. Stress testing forms one part of enhanced supervision under the Dodd-Frank Act (DFA). The DFA requires one supervisory stress test per year to be conducted by the Federal Reserve on banks with more than $50 billion in consolidated assets and/or banks designated for heightened supervision and two stress tests per year by large firms. The DFA requires both banks and supervisors to disclose results, although the exact nature of that disclosure is still subject to rule making.	Supervisory reviews are ongoing, with a focus on requiring bank organizations to have sound capital planning policies and decisional processes for determinations regarding dividend, as well as the redemption and repurchase of common stock and other tier 1 capital instruments. Regulators are writing rules governing stress tests under the DFA. The deadline for implementation of rules governing stress tests is January 17, 2012.
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 U.S. already has a leverage ratio. The Basel Committee finalized its leverage ratio proposal, and the GHOS announced a plan for its implementation and calibration in its July 26 press release annex: • 2011-2012 – supervisory monitoring • 2013-2016 – parallel run (disclosure as of 2015) • 2018 – Pillar 1 implementation	The U.S. banking agencies have commenced work to incorporate the Basel leverage ratio into their rules and may issue supplemental guidance as part of their implementation of the overall package of Basel III reforms. The agencies expect to release an NPR in summer 2011 to keep on track implementing Basel III.
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	End-2010, implement over a timeframe that is consistent with sustained recovery and limits market disruption	The U.S. banking agencies actively participate with the Basel Committee in the development of *Basel III: A global regulatory framework for more resilient banks and banking systems.*	The U.S agencies have commenced work on a domestic rulemaking to incorporate Basel III into their rules and guidance.

			macroeconomic impact assessment of the FSB and BCBS.			
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 March 22, 2010, U.S. supervisors issued the final interagency guidance on funding and liquidity risk management. The policy statement emphasizes the importance of cash flow projections, diversified funding sources, stress testing, a cushion of liquid assets, and a formal, well-developed contingency funding plan as primary tools for measuring and managing liquidity risk.	U.S. agencies are incorporating the guidance into the supervisory process. U.S. supervisors continue to monitor the liquidity risk profiles of all banks via the field examination staff. They also collect liquidity data at large and regional banks on a daily or monthly basis.
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	The U.S. banking agencies actively participate with the Basel Committee in the development of Basel III.	The U.S agencies are engaging in a rulemaking to incorporate the provisions of Basel III into our rules and guidance.
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	The New York Department of Insurance has incorporated Circular Letter 2008-19 into a draft revised statute, and the revised comprehensive statute has become a New York Governor program bill, but has yet to be introduced into the New York legislature. If adopted in New York, the states will pursue introducing the same into its Financial Insurance Guideline (FIG) for states to use as draft legislation for monoline financial guaranty insurers. New York Department of Insurance Circular Letter 2008-19 provides best practices in various areas, including that financial guaranty insurers (FGI) should not insure pools of asset-backed securities (ABSes) that are comprised of or include portions of other pools of ABSes, unless: 1) The insurance policy provides that the FGI holds an unsubordinated, senior position, provided such position has an investment rating of single-A or above; 2) The pool consists solely of asset-backed securities that are issued or guaranteed by a government-sponsored enterprise, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, the Federal Agricultural Mortgage Corporation, or the Farm Credit Insurance Fund; 3) The pool consists entirely of the portion of other pools of asset-backed securities that are already insured by the FGI, so that no additional obligations are incurred by that FGI; or 4) The Superintendent has determined that the insurance is without undue risk to the FGI, its policyholders, and the people of the State of New York.	The bill's schedule is dependent upon the agenda of the New York State legislature. New York's prior Governor introduced this statutory change but it was never taken up. A process to make changes to the FIG guidelines would begin once changes were made in New York law.
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	Ongoing	SEC staff selectively review corporate filings to monitor and enhance compliance with applicable disclosure and accounting requirements. IOSCO maintains a database for cataloguing and sharing securities regulators' experiences on International Financial Reporting Standards (IFRS) application around the world. IOSCO anticipates coordinating database conference calls three times per year to discuss members'	Regulators have conducted three database conference calls during 2011; the next call is planned for April 2011. State insurance functional regulators expect these discussions to continue in 2011 until it is clearer what the IASB/FASB requirements on insurance contracts and financial instruments will be.

			of high-quality accounting standards.		emerging IFRS issues. State insurance functional regulators monitor and update statutory accounting rules for events occurring within the marketplace and new standards being issued by the U.S. Financial Accounting Standards Board. State insurance functional regulators have begun to have discussions that contemplate the use of generally accepted accounting principles/or International Financial Reporting Standards for statutory accounting. U.S. banking regulators regularly monitor significant changes to accounting standards that may significantly affect financial institutions and routinely provide comments on such proposals. The banking regulators also routinely meet with standard setters, representatives from audit firms and financial institutions, and the SEC to discuss financial accounting and supporting matters. In addition, the U.S. banking agencies are also members of the Basel Committee's Accounting Task Force where global accounting and auditing issues are addressed.	The U.S. banking regulators will continue this routine dialogue and will continue to advocate for high-quality converged accounting standards.
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	In June, 2010, the IASB and the FASB issued separate Exposure Drafts, *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements*, and *Fair Value Measurements and Disclosures*, respectively, with comment periods ending in September 2010.The Boards are working together to ensure that fair value will have the same meaning in U.S. GAAP and in IFRSs and that their respective fair value measurement guidance will be the same (other than for minor differences in wording or style). The Boards tentatively decided not to permit exceptions for non-public entities to the fair value principles and concepts applicable to the measurement of fair value in the proposed standards. State insurance functional regulators modified their accounting requirements for structured securities in 2009 to require write-downs to the estimated cash flows expected to be received, as opposed to fair value. Simultaneously, state insurance functional regulators hired a third party modeller to calculate a price that reflects the credit loss expectations for each residential mortgage-backed security (RMBS) CUSIP to be used in establishing capital requirements on such securities for 2009. State insurance functional regulators have required the same process used for RMBS for 2009 to be used to 2010 and have extended these requirements to CMBS for 2010.	The IASB and FASB Boards are expecting to issue final fair value standards by March 31, which will converge both boards' fair value guidance.
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	End-2009	The FASB and the IASB are addressing accounting for financial instruments, including hedge accounting, through their respective financial instruments project. The IASB finalized its classification and measurement guidance for assets and liabilities in 2009 and 2010, respectively. The guidance is included in IFRS 9 *Financial Instruments*. The FASB has begun re-deliberating its comprehensive financial instrument proposal. On May 26, 2010, the FASB issued an Exposure Draft, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*. The comment period ended on September 30, 2010. The FASB participated with the IASB in an Expert Advisory Panel that advised both entities' Boards on the operational issues surrounding the IASB's Expected Cash Flow approach and the FASB's approach for	Both Boards continue to develop a comprehensive model for accounting for financial instruments, including hedge accounting. The Boards plan to deliberate certain issues relevant to this project separately and then meet subsequently to reconcile differences in their technical decisions. The Boards will also meet jointly on some aspects of the project, such as impairment. The Boards aim to issue the final standards by the second quarter of 2011.

			requirements.		determining credit impairments. On January 31, 2011, the FASB and the IASB proposed a common solution for impairment accounting, Supplementary Document—*Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities—Impairment.* State insurance functional regulators modified their accounting requirements for structured securities in 2009 to require write-downs to the estimated cash flows expected to be received as opposed to fair value. Simultaneously, state insurance functional regulators hired a third party modeller to calculate a price that reflects the credit loss expectations for each RMBS CUSIP to be used in establishing capital requirements on such securities for 2009. State insurance functional regulators have required the same process used for RMBS for 2009 to be used in 2010 and have extended these requirements to CMBS for 2010.	
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	In April 2010, the SEC proposed significant revisions to its rules relating to asset-backed securities. In addition, the Dodd-Frank Act requires further rule-writing to implement further changes in the offering of securitized products in the United States. In January 20, 2011 the SEC approved final rules to implement Section 943 of the Dodd-Frank Act, which requires issuers of asset-backed securities to disclose the history of the requests they received and repurchases they made related to their outstanding asset-backed securities. The final rules require ABS issuers to file with the SEC, in tabular format, the history of the requests they received and repurchases they made relating to their outstanding ABS. The table will provide comparable disclosures so that investors may identify originators with clear underwriting deficiencies. The SEC also adopted final rules to implement Section 945 of the Dodd-Frank Act, which requires ABS issuers to review assets underlying the ABS and to disclose the nature of the review. (http://www.sec.gov/news/press/2011/2011-18.htm) Under the Dodd-Frank Act, institutions will be required to retain an economic interest in the credit risk of assets that they securitize. In October 2012, the Federal Reserve issued a report to Congress on the potential effect of the new risk retention requirements to be developed and implemented by the federal agencies. The FDIC's final safe harbor rule for securitizations became effective on September 30, 2010. The rule requires greater transparency and disclosure in order to obtain FDIC safe harbor treatment. The FDIC rule conforms to the SEC proposal and will be modified to conform to the Dodd-Frank Act final rules once they are adopted. In April 2010, IOSCO issued its *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities*. The SEC proposed rules under Section 943 of the Dodd-Frank Act on October 13, 2010 to require securitizers to disclose fulfilled and unfilled repurchase requests across all transactions. The SEC also proposed rules to require rating organizations to include information regarding representations and warranties in reports relating to asset-backed securities. Finally, the SEC proposed to require an issuer or underwriter of an asset-backed security offering to file a new form to include	Ongoing.

					disclosure relating to third-party due diligence providers, in accordance with Section 932 of the Dodd-Frank Act. http://www.sec.gov/news/press/2010/2010-192.htm	
III. Reforming compensation practices to support financial stability						
15	(Lon) (Pitts) (Tor)	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 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 encourage 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.	End-2010	The Federal Reserve, in concert with other U.S. federal bank regulatory agencies, issued in June 2010 final supervisory guidance on incentive compensation practices at banking organizations. The guidance requires banks to have practices that give employees balanced risk-taking incentives, to have sound controls for their incentive compensation systems, and improve corporate governance practices related to compensation. The guidance is consistent with the FSB Principles and Standards. A horizontal review of incentive compensation practices at more than two dozen large banking organizations related to the guidance has been underway for some time. Over 200 staff have been involved, including supervisors, economists and lawyers. In addition to on- and offsite reviews of incentive compensation practices, firms have iteratively proposed improvements to their practices, supervisors have reviewed and reacted to firms' plans, and firms have revised their plans. The refinement of details of practices is expected to be ongoing for a period of years, but substantial changes are in-train for2011. Separately, supervisors will review compensation arrangements at other banking organizations as part of the regular examination process. In December 2009 the SEC adopted enhancements to its executive compensation disclosure requirements to include, among other areas, information about the relationship of a company's employee compensation policies and practices to risk management. The amendments also improve reporting of equity awards to executives and directors. In January 2011 the SEC adopted rules to implement the requirements of Section 951 of the Dodd-Frank Act requiring shareholder advisory votes (1) to approve executive compensation as disclosed under SEC rules; (2) to determine whether the company will hold such votes every 1, 2 or 3 years; and (3) in merger proxy statements, to approve "golden parachute arrangements". In addition, clear and simple tabular disclosure of total aggregate golden parachute compensation is required in merger proxies and similar filings. http://www.sec.gov/rules/final/2011/33-9178.pdf. Under Section 956 of the Dodd-Frank Act, several federal financial regulatory agencies are required to jointly prescribe rules or guidelines that require covered financial institutions to disclose to the appropriate regulator the structures of all incentive-based compensation, and prohibit any types or features of incentive-based payment arrangements that the regulators determine encourage inappropriate risks by covered financial institutions, by providing excessive compensation, or that could lead to material financial loss to the covered financial institution. Section 952 of the Dodd-Frank Act requires the SEC to direct securities exchanges to establish listing standards related to compensation committee independence and the authority of compensation committees to engage compensation consultants and other advisors within 360 days of the statute's enactment. Section 953 of the Dodd-Frank Act requires the SEC to require disclosure	Supervisors will continue to take corrective actions as needed to ensure that banking organizations comply with the supervisory guidance. Public companies in the U.S. must follow SEC disclosure rules, which became effective on February 28, 2010. As of January 21, 2011, companies subject to the SEC's proxy rules must comply with the first two votes, except that smaller reporting companies are not required to comply until their first annual meeting occurring on or after January 21, 2013. All companies subject to the SEC's proxy rules must comply with the golden parachute advisory vote and the related disclosure requirement in merger proxy statements initially filed on or after April 25, 2011. The agencies will shortly publish for public comment a joint rule proposal that would, among other things, require certain financial institutions with $1 billion or more in total assets, such as banks and broker-dealers, to disclose the structure of their incentive-based compensation practices, and prohibit such institutions from maintaining compensation arrangements that encourage inappropriate risks. The SEC is developing a rule proposal, which it expects to issue by end-March 2011, to direct securities exchanges to establish listing standards related to compensation committee independence and the authority of compensation committees to engage compensation consultants and other advisors within 360 days of the statute's enactment. The Dodd-Frank Act does not specify deadlines for executive compensation rulemakings, and the SEC anticipates issuing rule proposals between August and December 2011. While a large number of U.S. insurers are publicly traded and covered by SEC rules, the states are collectively considering other changes to the disclosure requirements on compensation and corporate governance. Changes are expected to be made to the NAIC Financial

					of the relationship between executive compensation and company financial performance, and disclosure of the ratio of median employee pay to CEO pay. Section 954 requires the SEC to direct securities exchanges to establish listing standards related to the recovery of incentive-based compensation in the event of an accounting restatement. Section 955 requires the SEC to require proxy disclosure whether a company permits employees and directors to hedge equity securities granted as compensation or otherwise held by them.	Condition Examiners Handbook, but specific disclosures from the SEC Rule could be adopted by the NAIC Corporate Governance Working Group, as they consider state insurance regulatory changes to corporate governance requirements in general.
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	U.S. bank supervisors already assess institutions' compensation programs from a safety and soundness standpoint. In cases where compensation arrangements or related risk management processes pose a risk to the safety and soundness of the institution, supervisors may take actions to require the institution to address those concerns, to include, when appropriate, imposing higher capital requirements. U.S. bank supervisors already have authority to require banks to strengthen capital by a variety of methods. As part of their risk assessment examination and analysis procedures, state insurance regulators include the compensation system and structure of an insured as part of the management assessment of a company. Most state regulators also receive annual disclosure of the total remuneration provided to the top 5 executives and all Directors. The Office of the Special Master for TARP Executive Compensation evaluates compensation payments and structures against a core set of standards for certain employees of TARP recipients receiving exceptional financial assistance. The Special Master has issued 33 compensation determinations and completed a "Look Back Review" of pay practices at TARP firms from when the firms first received assistance in 2008 until the compensation guidelines were signed into law in February 2009.	Changes are expected to be made to the NAIC Financial Condition Examiners Handbook. The NAIC Corporate Governance (EX) Working Group will consider adopting aspects of the SEC Rule into existing compensation disclosure requirements. The Office of the TARP Special Master will review 2010/2011 compensation for executives at the four remaining TARP exceptional assistance recipients.
IV. Improving OTC derivatives markets						
17	(Lon)	Development of action plan on the standardization of CDS markets (e.g. 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 standardization by autumn 2009.	Ongoing	To permit the clearing of credit default swaps (CDS), the SEC issued temporary conditional exemptions from the requirement to register as clearing agencies with the SEC to two U.S.-based central counterparties (CCPs) (ICE Trust U.S. LLC and the Chicago Mercantile Exchange Inc.) and three European-based clearing agencies (LCH). Clearnet Group Ltd (expired), ICE Clear Europe Limited, and Eurex Clearing AG). The SEC also has facilitated the central clearing of customer CDS transactions at certain of the CDS CCPs (ICE Trust U.S, Chicago Mercantile Exchange Inc. and Eurex Clearing AG) The Dodd-Frank Act mandates the clearing of all swaps and security-based swaps, including CDS, that the CFTC or SEC, as applicable, has determined are required to be cleared, through a regulated central counterparty (CCP). The Dodd-Frank Act also requires that all clearing organizations that clear swaps or security-based swaps, including CDS, be registered with the CFTC or SEC, respectively. The CFTC has approved certain U.S.-based and European-based CCPs to clear CDS. ICE Clear Europe and the Chicago Mercantile Exchange are both CFTC-regulated clearinghouses that offer CDS products for clearing. The CFTC has been engaged in supervisory oversight and various approvals necessary to facilitate the entry by various clearing houses (including Chicago Mercantile Exchange, Eurex Clearing AG, ICE Clear Europe, and the London Clearing House), in order to clear CDS and other OTC products. The CFTC has proposed for public comment a regulation that would	The SEC is currently working to implement the provisions of the Dodd-Frank Act and is required to adopt specific rulemakings by July 2011. Regulators will consider if any further changes are necessary within the NAIC Model Investment laws as a result of the Dodd-Frank Act, although at this point no changes have been identified. Discussions may not begin until federal rulemaking is completed. The next Commitment Letter is expected by March 31, 2011 and while specific commitments to increase standardization are still under development, market participants will be expected to increase the level of standardization across the asset classes. *Trade Repositories*: The March 2010 Commitment Letter increased specific target levels for expanding central clearing for OTC credit and interest rate derivatives. The Commitment Letter set targets both for submitting new trades to central counterparties (CCPs) and for clearing historical trades. These targets will continue to be increased over time as the OTC derivative CCPs and major dealers improve their capacity to clear trades. The major dealers also committed to actively engaging with CCPs and regulators globally to broaden the set of derivative products eligible for clearing, taking into account risk, liquidity, default management, and other processes. In addition, the industry has committed to resolve impediments to client access to central clearing and to increase client utilization of central clearing. In addition to establishing and expanding commitments on clearing (and standardization, see 17), the OTC Derivatives Supervisors Group has received commitments from the industry to: (1) analyze existing transparency across asset classes and identify ways to increase

					establish procedures for the review of a swap, or group, category, type, or class of swaps (collectively, "swaps") to make a determination as to whether the swaps should be required to be cleared. Specifically, the proposed regulation would implement procedures for determining the eligibility of a derivatives clearing organization (DCO) to clear swaps that it plans to accept for clearing; for DCOs submitting swaps to the Commission for review; for Commission-initiated reviews of swaps; and for staying a clearing requirement while the clearing of a swap is reviewed. To receive a determination of eligibility to clear a swap, a DCO would have to file a written request with the Commission that addresses its ability to maintain compliance with the core principles for DCOs set out in Section 5b(c)(2) of the Commodity Exchange Act if it accepts the swap for clearing, specifically: (1) the sufficiency of its financial resources; and (2) its ability to manage the risks associated with clearing the swap, especially if the Commission determines that the swap is required to be cleared. The SEC has proposed rules relating to clearing and clearing agencies, among other things. State insurance functional regulators are providing input into the federal process of rulemaking for dealers and participants in the swaps market. The primary interest is to ensure a level playing field for insurers and all other swaps market participants and brokers, and to assess and communicate any concerning implications to insurers' hedging capabilities. Please refer to the next section of the report (# 18) for a summary of the market participants' central clearing commitments made to supervisors in March 2010. In addition to the central clearing commitments, the primary supervisors of the major participants in the over-the-counter (OTC) derivatives market received commitments ("Commitments Letter") from 26 major OTC derivatives dealers, buy-side firms, and industry organizations ("market participants") related to increasing standardization, including, among other things, areas of electronification, straight-through-processing, and electronic trade-date matching, confirmation and affirmation. The Commitment Letter also included commitments to develop and analysis of the current state of standardization for credit, rates and equity asset classes to support identification of areas to further increase standardization.	transparency; (2) expand the coverage of the trade repositories for credit, equity, and interest rate derivatives; and (3) continue to improve the industry's collateral management process, focusing particularly on dispute resolution and portfolio reconciliation. The SEC has proposed rules relating to clearing, trading and reporting to SDRs, among other things.
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	The Dodd-Frank Act gives the CFTC and the SEC jurisdiction over OTC derivatives. The Dodd-Frank Act requires the clearing of all swaps and security-based swaps that the CFTC or SEC, as applicable, has determined are required to be cleared, be cleared through regulated central counterparties (CCPs) and traded on exchanges or (security-based) swap execution facilities. The Dodd-Frank Act provides that all OTC derivative transactions must be reported to a registered (security-based) swap data repository (SDR). If no SDR exists to accept the details of the transaction, the details must be reported to the SEC or CFTC, as applicable. In April 2010, the FSB established a working group led by representatives of CPSS, IOSCO, and the European Commission to make recommendations on the implementation of the G-20 commitments concerning standardization, central clearing, exchange and electronic platform trading, and trade reporting. SEC, CFTC, and Federal Reserve Board staff are part of this working group. The resulting report ("FSB Report") called upon various international organizations to take work forward.	The SEC is currently working to implement the provisions of the Dodd-Frank Act and is required to adopt specific rulemakings within 360 days of enactment of the legislation. CTC work is ongoing. *Work on Capital Requirements:* CFTC is determining a date to propose for public comment regulations which establish capital requirements that (i) help ensure the safety and soundness of the swap dealer and major swap participant and (ii) are appropriate for the risk associated with non-cleared swap positions held by a swap dealer or major swap participant.

					The CFTC proposed on November 2, 2010 for public comment a regulation that would establish procedures for the review of a swap, or group, category, type, or class of swaps (collectively, ‘‘swaps’’) to make a determination as to whether the swaps should be required to be cleared. Specifically, the proposed regulation would implement procedures for determining the eligibility of a derivatives clearing organization (DCO) to clear swaps that it plans to accept for clearing; for DCOs submitting swaps to the Commission for review; for Commission-initiated reviews of swaps; and for staying a clearing requirement while the clearing of a swap is reviewed. To receive a determination of eligibility to clear a swap, a DCO would have to file a written request with the Commission that addresses its ability to maintain compliance with the core principles for DCOs set out in Section 5b(c)(2) of the Commodity Exchange Act if it accepts the swap for clearing, specifically: (1) the sufficiency of its financial resources; and (2) its ability to manage the risks associated with clearing the swap, especially if the Commission determines that the swap is required to be cleared. *Swap Execution Facilities* The CFTC has proposed for public comment regulations, guidance and acceptable practices regarding the obligations of swap execution facilities (SEFs) to comply with the applicable provisions of the Commodity Exchange Act (CEA), as amended by the Dodd-Frank Act, including the registration requirements and the fifteen core principles set out in the Dodd-Frank Act. The proposal takes into account the goals set out under the Dodd-Frank Act: to promote the trading of swaps on SEFs and to promote pre-trade price transparency in the swaps market. The trading of OTC derivative contracts on centralized venues support such goals. *Designated Contract Markets:* The CFTC proposed on December 22, 2010 for public comment, new and amended regulations, guidance and acceptable practices pertaining to the designation and operation of contract markets. The proposed rulemaking implements the new and revised core principles that were enacted by Congress under The Dodd-Frank Act. In addition to the new and revised core principles, the Dodd-Frank Act provided a new statutory framework that, among other things, requires that all swaps that are subject to the clearing requirement be executed on a swap execution facility or a DCM, with limited exceptions. The CFTC's proposed rulemaking provide the mechanism by which DCMs can list, trade and execute swaps in a manner consistent with the Commodity Exchange Act, as amended by the Dodd-Frank Act.	
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 Dodd-Frank Act modifies U.S. regulatory framework by creating the Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, with the authority to designate nonbank financial firms whose failure could threaten the stability of the United States' financial system and to require these firms be subject to heightened prudential standards and supervision by the Federal Reserve. State insurance functional regulators are working to address group supervision, many in response to the experience supervising the insurance entities in the AIG conglomerate. To address group supervision, the NAIC adopted in December 2010 the revised Insurance Holding Company System Regulatory Act with key	The FSOC has proposed a rule regarding the criteria and process for designating nonbank financial firms, which is expected to be finalized in spring 2011. NAIC is finalizing the Holding Company and Supervisory Best Practices Document to provide guidance and best practices for use by state regulators in their regulatory oversight to insurance companies within holding company systems NAIC is also drafting a group capital analysis proposals via the Own Risk and Solvency Assessment (ORSA) NAIC is continually reviewing and providing input on International Association of Insurance Supervisors (IAIS) Insurance Group

					modifications including enhanced disclosure of enterprise risk within the holding company system, enhancements in corporate governance, such as those related to Board of Director and senior management responsibilities and additional standards for reviewing affiliated agreements.	Subcommittee (IGSC) deliverables.
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	Title II of the Dodd-Frank Act allows the FDIC to be appointed as receiver for nonbank financial firms, the failure of which could cause systemic risk to the U.S. economy. Under the Dodd-Frank Act framework, the FDIC can create a bridge firm in order to maximize value in an orderly liquidation process for a financial group.	While Title II became effective upon signing, the FDIC is currently drafting regulations for the implementation of its authority under Title II. Such regulations will provide clarity on how the FDIC would implement a resolution under the Dodd-Frank Act. A first set of interim final rules was adopted by the Board in January 2011 and a second set of rules is expected to be published for comment by the end of March 2011. The state insurance regulators, Treasury's Federal Insurance Office, and insurance industry associations intend to work with the FDIC to provide observations of how best to approach concepts related to insurance companies with regard to resolution processes and frameworks.
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	The IMF has completed the U.S. FSAP, which includes 7 DARs and ROSCs on key standards and 8 Technical Notes.	
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	The IMF has completed the U.S. FSAP, which includes 7 DARs and ROSCS on key standards and 8 Technical Notes. The NAIC is currently undergoing a review of its entire regulatory solvency system, and will consider additional changes to its framework including with reference to IAIS standards, and from input which may further reduce any differences between the U.S. system and the IAIS standards.	Most policy decisions on any changes are expected to be made by 2012.
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	The IMF has completed the U.S. FSAP, which includes 7 DARs and ROSCS on key standards and 8 Technical Notes.	
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	Ongoing		

			issued by international committees.			
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	The Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, has broad accountability to identify emerging risks to improve financial stability, to improve regulatory coordination and to identify market participants that require heightened supervision.	The FSOC continues to work to identify, analyze and coordinate responses to threats to financial stability. The FSOC is required to publish an annual report that identifies emerging threats to financial stability.
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	U.S. regulatory agencies already have extensive authority to gather information from firms they regulate. Regulatory reform legislation has expanded authority in many areas, for example by authorizing the council (working through the SEC) to gather information from private pools of capital. The Dodd-Frank Act authorized the U.S. Treasury's Office of Financial Research, which has broad authority to collect data.	
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	The FSOC has authority to expand the U.S. regulatory perimeter by designating the largest, most interconnected nonbank firms for heightened prudential standards and supervision by the Federal Reserve.	The FSOC has proposed a rule regarding the criteria and process for designating nonbank financial firms, which is expected to be finalized in spring 2011.
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	End-2009 and ongoing	The Federal Reserve initiated a new quarterly Senior Credit Officer Opinion Survey ("SCOOS") to collect qualitative information from dealer firms on terms and conditions with respect to credit extended through securities financing and over-the-counter derivatives transactions. The proposal is out for comment. The NAIC has formed a working group that will consider possible modifications to existing state investment laws to more easily identify and limit an insurer's exposure to these types of risks. U.S. regulators will impose capital and margin requirements on the OTC derivatives transactions of swap dealers and major swap participants.	The NAIC Working Group has concluded that some changes should be made to state investment laws; but recently adopted IAIS standards and the Dodd-Frank Act may require further discussion before the initial recommendations are made to the NAIC Executive Committee on such a decision. The SEC and CFTC, together with the U.S. banking agencies, are working to implement the relevant provisions of the Dodd-Frank Act.

			OTC derivatives and securities financing transactions.			
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	The Federal Reserve considers asset price fluctuations as one input into monetary policy decision-making. Stress/scenario testing has been performed for targeted insurers at risk by individual states as well as the NAIC. The Securities Valuation Office of the NAIC includes a research function that monitors market developments and alerts regulators to concerning trends and impacts to state markets. This stress testing was completed by the states and will be updated as needed.	Ongoing.
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	Ongoing.	Ongoing.
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	Ongoing.	Ongoing.
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	U.S. authorities exchange information with their foreign counterparts in a number of international groups, particularly the FSB and its Standing Committee on the Assessment of Vulnerabilities (SCAV). We also have bilateral relationships with foreign supervisors and central banks. U.S. supervisors also participate in a number of colleges of supervisors and crisis management groups for the largest banking organizations. Finally, U.S. banking agencies participate in the Senior Supervisors Group, where supervisors share information regarding risk management practices of large, global financial firms. State insurance functional regulators also regularly exchange information with foreign counterparts, both pursuant to bilateral agreements and in international organizations, such as the IAIS. State regulators have also conducted and participated in supervisory colleges with foreign supervisors, and are actively incorporating colleges into the extensive multi-jurisdictional tools for supervision and risk assessment conducted on the U.S. insurance sector	Ongoing.
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	End-2009	Operators and managers of commodity pools are required to register with the CFTC as Commodity Pool Operators, and those who make trading decisions on a pool's behalf must register with the CFTC as a Commodity Trading Advisor. Certain exemptions from registration apply, however, including for pools that accept no more than 15 participants or are "otherwise regulated" as an SEC-registered investment company, as well as pools that have limited futures activity or that restrict participation to sophisticated persons.	On January 26, 2011, the Commissions jointly proposed rules that would require certain private fund advisers to maintain records and certain private fund advisers to file non-public information designed to assist the Financial Stability Oversight Council in its assessment of systemic risk in the U.S. financial system. Under the proposal, each private fund adviser would file certain basic information annually, and certain large private advisers (e.g. those advisers managing hedge funds that collectively have at least $1 billion in assets as of the close

			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.		The Dodd-Frank Act eliminates the current private adviser exemption from registration and generally requires private fund advisers to register. Certain private fund advisers are exempt (e.g. an adviser that solely advises one or more venture capital funds and an adviser that solely advisers private funds and has U.S. assets under management of less than $150 million, but the Act authorizes the SEC to impose recordkeeping and reporting requirements on such advisers). In addition, the Act sets out general principles for identification, enhanced supervision and regulation, and stricter prudential standards for systemically important entities as determined by the Financial Stability Oversight Council. The Act gives the SEC authority to impose registration and examination requirements on advisers of certain mid-sized funds. Smaller advisers (those with between $25 and $100 million in assets under management) generally must register with the applicable State securities regulator. Non-U.S. based advisers with minimal U.S. contacts may also be exempt from registering with the SEC. The SEC proposed rules to implement the Dodd-Frank Act that would require advisers to hedge funds and other private funds to register with the SEC, and require reporting by certain investment advisers that are exempt from registration (e.g. venture capital advisers). Pursuant to legislation passed by Congress, CFTC and SEC staff have jointly proposed regulations for public comment that establish the form and content of the reports that dual-registered investment advisers to private funds are required to file. The regulations will require investment advisers to maintain records and may require them to file information related to: use of leverage; counterparty credit risk exposure; trading and investment positions; valuation policies and practices of the advised fund(s); types of assets held; side arrangements or side letters; trading practices; and any other information deemed necessary. Reports of dual registrants are expected to be filed SEC and made available to the CFTC.	of business on any day during the reporting period for the required report) would file basic information each quarter along with additional systemic risk related information concerning certain of their private funds. After a 60-day comment period, the Commissions will finalize these rules. Recordkeeping and reporting requirements will include disclosure of: (i) assets under management; (ii) use of leverage; (iii) counterparty credit risk exposure; (iv) trading and investment positions; and (v) trading practices, as well as other specified information. The comment period closed on January 24, 2011, and the Commission plans to finalize the rules prior to the implementation date of the Dodd-Frank Act. The Dodd-Frank Act provides for a one-year transition period from the date of enactment before the private fund adviser registration and recordkeeping/disclosure obligations go into effect. The SEC will engage in rulemaking to implement certain provisions.
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	SEC staff chair an IOSCO task force that is exploring generally mechanisms for supervisory cooperation. The SEC and CFTC are participating in the IOSCO Task Force on Unregulated Entities. As part of this effort, the SEC and CFTC staff conducted a joint voluntary survey of hedge fund managers as of September 30, 2010, using a form that followed the UK FSA survey in virtually all respects. The survey requested data about the funds' leverage, liquidity, concentration and counterparties. The staff received the responses of 9 volunteers and is reviewing the submissions and working with the survey participants to verify the accuracy of their responses. To protect the confidentiality of data provided by hedge funds, SEC staff will keep the identities of the participants in this voluntary survey as well as their submissions non-public.	Ongoing.
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	U.S. bank regulators already require limits for single counterparty exposures. The Dodd-Frank Act generally requires all advisers to hedge funds (and other private pools of capital, including private equity funds) whose assets under management exceed $100 million to register with the SEC. The Act authorizes the SEC to impose recordkeeping and reporting requirements on not only those advisers required to register, but also certain other private fund advisers (i.e. advisers to venture capital funds). The recordkeeping and reporting requirements are designed to require	See paragraph 33 above for details on joint SEC and CFTC proposal regarding systemic risk reporting by private fund advisers.

					private fund advisers to report information on the funds they manage that is sufficient to assess whether any fund poses a threat to financial stability. Under SEC rules in the U.S. securities sector, broker-dealers must comply with customer margin rules. Moreover, broker-dealers generally are not permitted to allow customers to maintain unsecured debits; further, capital charges must be taken for concentrated debits in customer margin accounts, even if those debits are fully secured. U.S. supervisors asked 20 firms to self-assess against the best practices and recommendations related to counterparty credit risk management contained in various papers prepared in the course of supervisory initiatives and by industry groups, including: ”Observations on Risk Management Practices During the Recent Market Turbulence” (Senior Supervisors Group, March 2008); “Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience” (Financial Stability Forum, April 2008); “Final Report of the Committee on Market Best Practices” (International Institute of Finance, July 2008); “Containing Systemic Risk: The Road to Reform” (Counterparty Risk Management Policy Group, August 2008) and “Agreement Among President’s Working Group and U.S. Agency Principals on Principles and Guidelines Regarding Private Pools of Capital” (President’s Working Group on Financial Markets, February 2007).	
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	U.S. supervisors continue to monitor credit exposure to hedge funds. State insurance functional regulators have laws in place that limit to some extent the insurer’s exposure to counterparties. SEC and FINRA rules already impose robust margin and risk management requirements on securities firms, including with regard to counterparty credit risk management.	
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	The Credit Rating Agency Reform Act of 2006 (Rating Agency Act) provided the SEC with exclusive authority to implement a registration and oversight program for Nationally Recognized Statistical Rating Organizations (NRSROs). In June 2007, the SEC approved rules implementing a registration and oversight program for NRSROs, which became effective that same month. The rules established registration, recordkeeping, financial reporting and oversight rules for credit rating agencies that apply to be registered with the SEC. These rules are consistent with the principles set forth in the IOSCO Statement of Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. The SEC has adopted three sets of amendments to its NRSRO rules. In September 2009, the SEC proposed additional amendments to its NRSRO rules designed to strengthen its regulatory framework for credit rating agencies. These proposals included enhanced disclosure requirements, including requiring annual compliance reports and enhanced disclosure of potential sources of revenue-related conflicts, as well as proposed new rules that would require disclosure of information including what a credit rating covers and any material limitations on the scope of the rating and whether any "preliminary ratings" were obtained from other rating agencies - in other words, whether there was "ratings shopping." In addition, the SEC voted to seek public comment on whether to amend SEC rules to subject NRSROs to liability when a rating is used in connection with a registered offering by eliminating a current provision that exempts NRSROs from being treated as experts when their ratings are used that way.	The Dodd-Frank Act contains a number of provisions designed to strengthen the SEC’s regulatory oversight of NRSROs. The SEC is required to adopt rules implementing the Dodd-Frank Act’s NRSRO provisions by July 2011.

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	The Rating Agency Act of 2006 was enacted in order "to improve ratings quality for the protection of investors and in the public interest by fostering accountability, transparency, and competition in the credit rating industry." To that end, the Rating Agency Act and the SEC's implementing regulations prohibit certain conflicts of interest for NRSROs and require NRSROs to disclose and manage certain others. NRSROs are also required to disclose their methodologies and underlying assumptions related to credit ratings they issue in addition to certain performance statistics. In September 2009, the SEC adopted amendments to its NRSRO rules requiring that NRSROs publicly disclose all ratings and rating actions related to credit ratings issued on or after June 2007. Also in September 2009, the SEC proposed additional amendments to its NRSRO rules and new rules designed to enhance disclosure requirements for NRSROs. In addition, the SEC at that time solicited additional comments regarding alternative measures that could be taken to differentiate NRSROs' structured finance credit ratings from the credit ratings they issue for other types of financial instruments through, for example, enhanced disclosures of information.	The rulemaking required under the Dodd-Frank Act includes provisions to enhance ratings performance statistics requirements for NRSROs for the purpose of allowing users of credit ratings to evaluate the accuracy of ratings and compare the performance of ratings by different NRSROs.
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	As a first step towards achieving this goal, IOSCO established a standing committee on CRAs (SC6), currently chaired by the SEC, which developed a project to evaluate recent regulatory initiatives that impact or will shortly impact CRAs whose ratings are used for regulatory purposes in multiple jurisdictions. SC6 prepared a report, published by IOSCO in its final form in February 2011, entitled *Report on Regulatory Implementation of the Statement of Principles Regarding the Activities of Credit Rating Agencies*. The report addresses several of the recent regulatory initiatives that impact or will shortly impact CRAs that are active in the jurisdictions reviewed, including the need for supervisors to monitor the effectiveness of those programs and any regulatory conflicts that may exist for CRAs that are active across borders.	As follow-up work to its expected consultative report, IOSCO SC6 will begin working on identifying conflicts between CRA regulatory regimes and seeking appropriate resolutions consistent with the IOSCO principles.
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	The Dodd-Frank Act removes references to credit ratings from U.S. statutes and requires all Federal agencies to remove any reference to or requirement of reliance on credit ratings in any regulation that requires the use of an assessment of the credit-worthiness of a security or money market instrument. Each Federal agency must replace any such references to credit ratings with an alternative standard of creditworthiness. The SEC has begun issuing a series of rule proposals that would remove credit ratings from existing SEC rules and forms in accordance with Section 939A of Dodd-Frank. On February 9, 2011 the SEC proposed amendments to remove references to credit ratings as one of the conditions for companies seeking to use short-form registration when registering securities for public sale. The OCC issued OCC Bulletin 2009-15 which cautions banks about over reliance on credit ratings and recommends supplementing credit ratings with their own internal analysis. The OCC, FRB, FDIC, and the OTS published a request for comment on developing alternative standards to replace references to credit ratings in capital regulations on August 25, 2010. The comment period closed on October 25, 2010. The OCC and OTS also published separate requests for comment on developing alternatives to credit ratings for their respective investment securities regulations.	The banking agencies have reviewed public comments on alternative standards of creditworthiness and are in the process of developing alternatives to the use of credit ratings in their regulations. Discussion to carry out the recommendations of the Rating Agency Working Group will continue.

					The NAIC Rating Agency Working Group (RAWG) and the Financial Condition (E) Committee have adopted recommendations for ways reliance on rating agencies could be reduced. Those items have been referred to the applicable technical group to discuss more fully how such changes could be carried out. State insurance functional regulators no longer use ratings for RMBS and CMBS securities.	
Supervisory colleges						
41	(Lon)	Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	Ongoing	Supervisory colleges for significant U.S. cross-border banking firms have been established and are holding in-person as well as conference call meetings. U.S. state insurance and banking regulators have participated in nine supervisory colleges for internationally active insurance groups. U.S. insurance regulators are convening three colleges and five others are in the discussion phase.	Ongoing – supervisory colleges will continue to meet and exchange information on a regular basis. The state insurance functional regulators will continue to hold supervisory college meetings and participate in supervisory colleges for large internationally active insurers. The states continue to use the IAIS Guidance Paper on the Use of Supervisory Colleges in Group-wide Supervision, and they are collectively drafting new NAIC best practices related to colleges, under the Group Solvency Issues (EX) Working Group, that aren't considered in the existing IAIS guidance.
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	Supervisors are exchanging information and improving coordination in a number of ways, e.g., through the supervisory colleges, through participation in all of the major international efforts to improve supervisory responses to developments that have a common effect across a number of institutions.	Ongoing participation in colleges and major international policy efforts.
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.	Ongoing	Crisis Management Group (CMG) meetings to discuss crisis management, recovery, and resolution planning have been held for major U.S. banking institutions that also have core colleges (see #41). CMG meetings with significant host supervisors have been held in January 2010 (included presentations from bank management) and July 2010. Insurance: The Group Solvency Issues (EX) Working Group has proposed changes to U.S. regulatory processes that will encourage such communication.	The U.S. CMG will continue to meet on a multi- and bi-lateral basis with company specific host supervisors to address outstanding resolution issues identified at the July 2010 meeting. U.S. interagency staff followed up on issues raised at the July 2010 meeting ahead of further discussions with host supervisors.
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	The banking agencies have actively participated in drafting and commenting on the FSB CBCM working group's resolution plan outline and firm specific contingency planning meeting outlines. CMG meetings have been held with major U.S. banking firms and their significant host regulators (see #43). The U.S. firms submitted recovery plans to U.S. regulators on August 16, 2010.	The work of the firm specific groups will feed into the CBCM for further action. U.S. regulators are currently reviewing the firms' recovery plans. Information from the recovery plans will help to inform the U.S. regulators in developing and maintaining firm-specific resolution plans. The FDIC and the FRB are also currently engaged in writing regulations for the implementation of Section 165(d) of the Dodd-Frank Act, which requires firms to submit resolution plans. FDIC and FRB will also consult on the regulations with FSOC members with a significantly impacted subsidiary.

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	The Dodd-Frank Act created new authority to resolve nonbank financial institutions, similar to that which the FDIC has with regard to insured banks, whose failure could have serious systemic effects. Additionally, legislation requires resolution plans for all large bank holding companies and non-bank financial companies subject to heightened supervision by the Federal Reserve. Title II of the Dodd-Frank Act allows the FDIC to be appointed as receiver for nonbank financial firms, the failure of which could cause systemic risk to the U.S. economy. Under the Dodd-Frank Act framework, the FDIC can create a bridge firm in order to maximize value in an orderly liquidation process for a financial group.	A rule implementing the resolution plan provision in the legislation is due 18 months from enactment. While Title II became effective upon signing, the FDIC is currently drafting regulations for the implementation of its authority under Title II. Such regulations will provide clarity on how the FDIC would implement a resolution under the Dodd-Frank Act. A first set of interim final rules was adopted by the Board in January 2011. A second set of rules is expected to be published for comment by the end of March 2011.
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	The FDIC, on behalf of the International Association of Deposit Insurers (IADI), is collaborating with the BCBS, IMF, European Forum of Deposit Insurers, World Bank, and EC to develop and finalize the Methodology for Compliance Assessment of the Core Principles for Effective Deposit Insurance Systems.	The Methodology will be available to evaluate the effectiveness of deposit insurance systems against internationally agreed principles and provide a valuable benchmark for strengthening or developing new deposit insurance systems.
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	The Senior Supervisors' Group asked firms in their jurisdictions to self-assess their risk management, governance, disclosure and valuation policies and processes against international best practices. In mid-2009 the Federal Reserve, SEC and OCC asked participating firms within their respective jurisdictions to submit detailed remediation plans that would bring them in line with international best practices in areas where they had identified gaps. Supervisory assessments of progress on the remediation plans have been largely embedded in our continuous monitoring of these firms. However, for issues surrounding IT infrastructure, area experts are developing a horizontal approach to monitoring and advising on progress. The issue of compensation and the related safety and soundness implications of how individuals are incented vis-à-vis risk have also been amplified via supervisory guidance in June 2010. As part of their risk assessment examination and analysis procedures, state insurance functional regulators review the insurers risk management systems and have asked many such firms to re-examine their processes given recent economic downturn. Banking agencies issued liquidity guidance in March 2010. See response to #7 above.	SSG members will continue to monitor the progress firms are making to close the gaps between firms' current practices against international standards.
48	(Pitts)	Robust, transparent	We commit to conduct robust, transparent stress tests as	Ongoing	The states, through the NAIC, have performed such tests. In addition, state insurance functional regulators have the authority under	The Federal Reserve is creating an enhanced quantitative surveillance program that will use supervisory information, firm-specific data

		stress test	needed.		examination statutes to require any type of relevant information on the largest 30 life insurers which allowed state insurance functional regulators to continually assess the potential for failure or severe stress. In the spring of 2009, the U.S. Treasury announced the Financial Stability Plan, which included the Federal Reserve-led Supervisory Capital Assessment Program (SCAP). Multidisciplinary teams of examiners, economists, financial experts, and other specialists calculated how much capital 19 of the largest U.S. bank holding companies would need to remain healthy and continue lending during a hypothetical worse-than-expected economic scenario. The release of the stress test results helped restore confidence in banks. The IMF conducted stress tests as part of the U.S. FSAP. The IMF FSAP Technical Note is publicly available. This addresses the U.S. commitment to the G-20 to conduct an FSAP and to conduct robust and transparent stress testing. The Dodd-Frank Act requires the Federal Reserve to conduct annual stress tests for all systemically important companies and publish a summary of the results. Additionally, the Act requires that these systemically important companies and all other financial companies with $10 billion or more in assets that are regulated by a primary Federal financial regulatory agency conduct semi-annual or annual (respectively) internal stress tests and publish a summary of the results.	analysis, and market-based indicators to identify developing strains and imbalances that may affect the largest and most complex firms. Periodic scenario analysis across large firms will enhance understanding of the potential impact of adverse changes in the operating environment on individual firms and on the system as a whole. This work will be performed by a multi-disciplinary group comprised of economic and market researchers, supervisors, market operations specialists, and accounting and legal experts. The Federal Reserve is currently developing rules to implement the provision in coordination and consultation with the other relevant agencies. The rules are expected to be finalized by January 2012.
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	In November 2009, the IASB issued for public comment an exposure draft on loss provisioning. The comment period ended in June 2010. The FASB's Exposure Draft, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*, issued in May 2010 also proposed changes to accounting for impairment. The comment period for the FASB exposure draft ended on September 30, 2010. An Expert Advisory Panel (EAP) on impairment was set up in November 2009 to address operational issues associated with the proposed impairment models for financial instruments. The panel included representatives from the IASB, the FASB, Basel Committee, and the U.S. banking agencies. The input of the EAP will be considered by the IASB and the FASB in further deliberations. Since the Pittsburgh Summit in September 2009, the U.S. regulators published additional guidance for the 19 SCAP firms about the type of analysis the largest firms would be required to undertake prior to undertaking any capital action that would result in a reduction in their common equity.	In all cases under the normal supervisory process supervisors will actively encourage the firms to raise additional capital in situations where there are expected shortfalls in a firm's overall capital adequacy. Specifically, the largest U.S. banking organizations going forward are expected to submit a comprehensive capital plan that considers the potential migration of problem assets and the impact of this migration on the banking organization's capital base and their future capital needs. The capital plan should take into consideration a business as usual scenario as well as a more severe economic scenario where management's outlook for losses, earnings, liquidity and funding has been substantially impaired. The largest firms would be expected to demonstrate that over the projected capital plan period, and under the firm's current and prospective financial condition, they would continue to hold capital sufficiently above the regulatory minimums for a well capitalized institution in light of the institution's overall risk profile.
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	The banking agencies are developing a notice of proposed rulemaking to implement enhancements to the Basel II framework in the area of securitisation announced in July 2009. In April 2010, the SEC proposed significant revisions to its rules relating to asset-backed securities. In addition, the Dodd-Frank Act requires further rule-writing to implement further changes in the offering of securitized products in the United States. In January 20, 2011 the SEC approved final rules to implement Section 943 of the Dodd-Frank Act, which requires issuers of asset-backed securities to disclose the history of the requests they received and repurchases they made related to their outstanding asset-backed securities. The final rules require ABS issuers to file with the SEC, in tabular format, the history of the requests they received and repurchases they made relating to their outstanding ABS.	The SEC adopted new rules related to asset-backed securities in January 2011. Implementation is ongoing.

					The table will provide comparable disclosures so that investors may identify originators with clear underwriting deficiencies. The SEC also adopted final rules to implement Section 945 of the Dodd-Frank Act, which requires ABS issuers to review assets underlying the ABS and to disclose the nature of the review. (http://www.sec.gov/news/press/2011/2011-18.htm) In April 2010, IOSCO issued its *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities*.	
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	Due diligence: The banking agencies are developing a notice of proposed rulemaking to implement enhancements to the Basel II framework that include enhanced "operational requirements," requiring banks to perform their own due diligence on all securitization transactions and to not simply rely on ratings. Failure to do so will result in deduction of the position from capital.	The SEC and other agencies postponed consideration of certain rules to implement such initiatives until the second quarter of 2011, consistent with the Dodd-Frank Act.
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	Section 941(b) of the Dodd-Frank Act requires federal banking agencies and SEC to jointly prescribe regulations that require securitizers of asset-backed securities, by default, to maintain 5% of the credit risk in assets transferred, sold or conveyed through the issuance of asset-backed securities. Insurers are not originators of such transactions unless they are intended for tax purposes or intergroup purposes only.	Agencies continue to develop proposals to implement this provision of the Dodd Frank Act.
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	The FASB issued a final standard update on January 21, 2010, *Improving Disclosures about Fair Value Measurements*, to improve the disclosures about fair value measurement (e.g., transfers in/out of level 1 and 2, and level 3 activities). Certain of the new disclosure requirements are effective for reporting periods beginning after December 15, 2009, while others are effective for reporting periods beginning after December 15, 2010. In July 2010, the FASB has issued a final accounting standards update, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, to give financial statement users greater transparency about entities credit risk exposures and the allowance for credit losses. The disclosures will provide financial statement users with additional information about the nature of credit risks inherent in entities' financing receivables, how credit risk is analyzed and assessed when determining the allowance for credit losses, and the reasons for the change in allowance for credit losses. In the U.S., state insurance functional regulators use the standardized reporting that insurers are required to submit for various purposes, including monitoring the overall risk and financial condition of the industry as a whole. This includes security by security listing, which is a best practice that exceeds the international best practice.	The FASB and the IASB are working on their respective financial instruments projects, which are expected to result in additional disclosure requirements.
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	The SEC has adopted rule amendments that tighten the risk-limiting conditions of the rule relating to investments by money market funds. The NAIC has formed a working group to consider specific changes that could be made to existing state investment laws, or to consider other tools to provide best practices in the area of insurers' investments.	No additional legislative action is required for these rules to go into effect.

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	Authority to make commitments under TARP expired on 3 October 2010 and the Dodd-Frank Act precludes the establishment of any new TARP programs. A major program under TARP, The Capital Purchase Program, was closed for new entrants as of end December 2009. The Money Market Mutual Fund Guarantee expired in September 2009. New issuance under the FDIC's Temporary Liquidity Guarantee Program ended in October, 2009. Credit extended through Federal Reserve liquidity programs has declined substantially as market conditions have improved. The Term Asset-Backed Securities Loan Facility (TALF) closed for new loan extensions against newly issued commercial mortgage-backed securities (CMBS) on June 30, 2010, and for new loan extensions against all other types of collateral on March 31, 2010. The authority for certain other liquidity facilities (e.g., the Commercial Paper Funding Facility (CPFF), Primary Dealer Credit Facility (PDCF), and Term Securities Lending Facility (TSLF)) expired on February 1, 2010. An assessment or fee on the liabilities (other than insured deposits and Tier 1 capital) of the largest financial institutions to repay taxpayer losses has been proposed.	Continuing wind-down of support programs; institution of Financial Responsibility Assessment Fee.

Origin of recommendations:

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)