FSB- G20 - MONITORING PROGRESS – Singapore September 2011

# *# in brackets are # from the 2010 template*		G20/FSB RECOMMENDATIONS		DEADLINE	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. Improving bank capital and liquidity standards						
1	(Pitts)	Basel II Adoption	All major G20 financial centres commit to have adopted the Basel II Capital Framework by 2011.	By 2011	The Monetary Authority of Singapore's (MAS) Basel II rules came into effect on 1 Jan 2008. They apply to all locally-incorporated banks. As part of our review of banks' Internal Capital Adequacy Assessment Process (ICAAPs), we will also assess whether the banks' capital planning processes have incorporated forward-looking elements and measures to take into account uncertainties associated with models, stress tests and concentration risks.	Implemented.
2	(FSB 2009) (Tor)	Basel II trading book revision	Significantly higher capital requirements for risks in banks' trading books will be implemented, with average capital requirements for the largest banks' trading books at least doubling by end-2010. We welcomed the BCBS agreement on a coordinated start date not later than 31 December 2011 for all elements of the revised trading book rules.	By end-2011	MAS has implemented the BCBS' July 2009 enhancements to the market risk and securitisation frameworks, as well as the corresponding Pillar 3 disclosure requirements. MAS' rules incorporating these enhancements were issued on 5 July 2011, to take effect on 31 December 2011.	MAS' rules incorporating these enhancements were issued on 5 July 2011, and will be effective from 31 December 2011, in accordance with the BCBS agreement.

3 (5, 6, 8)	(Seoul)	Adoption and implementation of international rules to improve bank capital and liquidity standards (Basel III); including leverage ratios (Note) Please explain developments in i) capital standards, ii) liquidity standards and iii) leverage ratios respectively.	We are committed to adopt and implement fully these standards (Basel III) within the agreed timeframe that is consistent with economic recovery financial stability. The new framework will be translated into our national laws and regulations, and will be implemented starting on January 1, 2013 and fully phased in by January 1, 2019.	January 1, 2013 and fully phased in by January 1, 2019.	On 28 June 2011, MAS announced that Singapore-incorporated banks will meet capital adequacy requirements that are higher than the Basel III global capital standards. MAS will require Singapore-incorporated banks to meet a minimum Common Equity Tier 1 (“CET1”) capital adequacy ratio (“CAR”) of 6.5%, Tier 1 CAR of 8% and Total CAR of 10% from 1 January 2015. These standards are higher than the Basel III minimum requirements of 4.5%, 6% and 8% for CET1 CAR, Tier 1 CAR and Total CAR, respectively. In addition, MAS will require Singapore-incorporated banks to meet the Basel III minimum capital adequacy requirements from 1 January 2013, two years ahead of the Basel Committee on Banking Supervision’s 2015 timeline. This means that from 1 January 2013, Singapore-incorporated banks will meet a minimum CET1 CAR of 4.5% and Tier 1 CAR of 6%. MAS’ existing requirement for Total CAR will remain unchanged at 10%. In line with Basel III requirements, MAS will introduce a capital conservation buffer of 2.5% above the minimum capital adequacy requirement. This will be met fully with CET1 capital and phased in on 1 January each year, from 2016 to 2019. Including the capital conservation buffer, Singapore-incorporated banks will be required to meet a CET1 CAR of 9%, which is higher than the Basel III requirement of 7%. Capital requirements on Singapore-incorporated banks need to be set higher than the Basel III minimum requirements because each of the Singapore-incorporated banks is systemically-important in Singapore and has a substantial retail presence. While they remained strong throughout the global financial crisis, the higher capital requirements will further strengthen their ability to operate under stress conditions and will help protect depositors, reduce risks to the economy, as well as safeguard financial stability.	Basel III capital standards (definition of capital and risk coverage): The rules text incorporating these proposals will be issued for consultation in 4Q2011 and finalised thereafter, Basel III leverage ratio: Under Basel III, supervisory monitoring of the leverage ratio will start 1 January 2011 and parallel run between 1 January 2013 to 1 January 2017 before final calibration in 2017 and possibly a Pillar 1 approach on 1 January 2018.To be implemented when the BCBS proposals are finalised Basel III liquidity standards: To be implemented when the BCBS proposals are finalised.

					The Basel III capital standards also seek to improve the consistency, transparency and quality of the capital base and strengthen the risk coverage of bank capital rules. MAS plans to adopt these standards and will consult on the text of its rules later this year. MAS is currently monitoring the leverage ratio of financial institutions, and using it as a supervisory tool. MAS supports the work by BCBS to supplement the risk based capital requirement with a non-risk based measure, and will adopt the recommendations appropriately when these are finalised. MAS is represented on the BCBS Working Group on Liquidity which is monitoring/deliberating issues on the liquidity standards. We will be reviewing our liquidity framework in line with recommendations from BCBS.	
4 (4, 7, 9, 48)	(WAP) (FSF 2009) (FSF 2008)	Strengthening supervision and guidelines on 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. 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. II.10 National supervisors should closely check	Ongoing	Under the Pillar 2 supervisory review process, MAS assesses banks' internal capital planning and capital stress testing frameworks and practices against the relevant practices in the Pillar 2 and stress testing guidance. MAS has circulated the latest BCBS liquidity risk management guidance to the banks to help them strengthen their liquidity risk management practices. MAS has also revised and updated its Notice to banks on Liquidity Management. MAS conducts regular inspections and supervisory visits of banks. Where the banks' implementation of the	Part of on-going policy and supervision work. Part of ongoing supervisory work Part of ongoing supervisory work.

	(FSB 2009)		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. Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.		guideline is found to be inadequate, we have directed them to improve their practices in accordance to the guidelines. MAS conducts regular inspections and supervisory visits of banks. We expect banks to measure, monitor and control all material foreign currency liquidity risk. On a business-as-usual basis, we expect banks to ensure that their funding mismatches are kept within their funding capacities. In stress scenarios, we expect banks to have adequate contingent funding sources and detailed plans in place. Where the banks fall short of our expectations, we have directed them to improve their practices.	
II. Addressing systemically important financial institutions (SIFIs)						
5 (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	MAS has a framework to assess the systemic importance of financial institutions within Singapore's financial system. Institutions whose failure could pose risk to financial stability would in general be subject to a higher intensity of consolidated supervision.	Part of on-going supervision work.
6 (43, 44)	(Pitts)	Mandatory international recovery and resolution planning for G-SIFIs	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 (for setting up crisis management groups)	None of the local financial institutions fall into the category. As host supervisor of many of the world's largest global financial institutions. MAS has participated in a number of the supervisory colleges for the significant cross-border firms identified and looks forward to further involvement.	N/A

	(Seoul)		We agreed that G-SIFIs should be subject to a sustained process of mandatory international recovery and resolution planning. We agreed to conduct rigorous risk assessment on G-SIFIs through international supervisory colleges and negotiate institution-specific crisis cooperation agreements within crisis management groups.	Ongoing		
	(Lon)		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.		MAS' crisis management framework already integrates the FSF principles, and there is ongoing work in this area. We welcome greater international dialogue on addressing cross-border issues and challenges at the FSB, BIS and EMEAP Meetings, as well as in the relevant core supervisory colleges.	Implemented.

7 (45)	(Seoul) (Tor) (WAP) (FSF 2008)	Implementation of BCBS recommendations on the cross-border bank resolution	We reaffirmed our Toronto commitment to national-level implementation of the BCBS's cross-border resolution recommendations. 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	MAS already has wide-ranging powers to resolve a failed or problem bank and is introducing similar powers with regards to insurance companies. MAS is monitoring discussions relating to approaches targeted at the resolution of systemically important financial institutions and will assess the appropriateness of such proposals in the local context. MAS is an integrated financial services regulator and central bank and has primary responsibility for dealing with weak and failing banks. The Ministry of Finance has a role where public funds are needed. As part of MAS' integrated crisis management framework, we have established a structured process to manage a market- related or distressed financial institution (DFI) crisis. MAS, together with the Ministry of Finance (MOF), continuously review financial crisis management capabilities, controls and procedures. We conduct regular exercises to ensure that there are adequate procedures in place, to familiarise staff with the process and procedures, and to identify areas for further improvement.	Part of MAS' ongoing work

8 (41)	(Lon) (Seoul)	Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges …	June 2009 (for establishing supervisory colleges) Ongoing	None of the local financial institutions fall into the category. As host supervisor of many of the world's largest global financial institutions. MAS has participated in a number of the supervisory colleges for the significant cross-border firms identified and looks forward to further involvement.	N/A
9 (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	At the national level, MAS is an integrated supervisor of financial institutions in Singapore, besides being the central bank. Hence, national co-ordination is carried out in an expedient manner across departments within MAS. MAS will continue to actively participate in deliberations of the international standard setting groups and contribute to work of the various international working groups and task forces that it is engaged in. MAS conducts regular dialogue with home and host regulators and Head-office auditors of foreign bank branches in Singapore. MAS has also participated in a number of the supervisory colleges for significant cross-border firms.	Ongoing
10 (New)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention.	Ongoing	MAS' existing approach and practices meet most of the SIE recommendations for national supervisors in the Nov 2010 SIE report. MAS has also followed up on those requiring specific actions, such as BCP self-assessment and issuing letters to remind heads of external auditors of financial institutions of our expectations. Work is ongoing to enhance our SIFIs' data aggregation capabilities and our focus on and assessment of risk outcomes; and to benchmark our stress testing approach against the BCBS' Principles for Sound Stress Testing and Supervision.	Continue with the efforts to enhance our SIFIs' data aggregation capabilities and assessment of risk outcomes.

III. Extending the regulatory perimeter to entities/activities that pose risks to the financial system						
11 (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	MAS exercises the functions of a central bank as well as an integrated financial services supervisor of banking, insurance and capital markets. Through these functions, MAS gathers data and information for micro-prudential and macro-prudential analysis, and keeps abreast of international developments and discussions on these issues. A Financial Stability Meeting is held regularly to discuss risks and developments which could impact Singapore's macroeconomic and financial stability. Senior management representation at the meeting includes supervisors and those responsible for macroeconomic surveillance and monetary policy.	Part of ongoing surveillance, policy and supervision work.
12 (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	There is structured development of professional financial supervisory skills under MAS' competency framework. Training courses on financial products and risk management are regular offerings by the MAS Academy, which is one of MAS' divisions. MAS supervisors also have regular dialogue with industry on risk issues. In addition, there are Peer Groups set up within the MAS to broaden and deepen MAS' specialist expertise and to help in training/development. External training is provided through attachments to foreign regulatory bodies, accounting firms, and major foreign banks as well. MAS also has a dedicated supervisory methodologies unit that is tasked to review and enhance supervisory methods, tools and practices. With respect to financial institutions' capacity to understand and manage risks, MAS assesses competence when approving main appointment holders of financial institutions and require them to pass "fit and proper tests." Additionally, MAS has the following measures in place to enhance the capacity of the private sector: • MAS encourages financial institutions to develop competencies in risk management via an industry-wide Financial Industry	Part of MAS' ongoing supervision work.

					Competency Standards (FICS) run by the Institute of Banking and Finance. Training grants and scholarship programmes are also available to encourage training in risk-management. • MAS also works closely with the Risk Management Institute (RMI) to advance knowledge in risk management, which serves to bring academic, policymakers and industry practitioners together for knowledge transfer and discussions on risk management issues. MAS, together with the Institute of Banking and Finance (IBF) and the industry, have set financial industry competency standards (FICS) for several sectors including risk management.	
Hedge funds						
13 (33)	(Seoul) (Lon)	Regulation (including registration) of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds, … Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject	End-2009	MAS adopts a risk-focused supervisory regime for fund managers in Singapore. Fund managers and hedge fund managers are subject to fit and proper requirements, MAS inspections, annual and periodic regulatory reporting requirements and regular surveys, including on fund strategies and leverage used. Concurrently, MAS is reviewing the regulatory regime for fund managers. In April 2010, MAS issued a Policy Consultation on Review of the Regulatory Regime For Fund Management Companies and Exempt Financial Intermediaries detailing new proposals aimed at enhancing supervisory oversight over fund managers and raising the quality of new entrants to the industry. In September 2010, MAS issued its response to the industry's feedback. Link to consultation paper: http://www.mas.gov.sg/resource/publications/consult_papers/2010/Policy_Consultation_on_Review_of_the_Regulatory_Regime_for_Fund_Management_Companies_and_Exempt_Financial_Intermediaries_edit.pdf Link to response to feedback: http://www.mas.gov.sg/resource/publications/consult_papers/2010/Response%20to%20policy%20consultatio	MAS will continue to maintain a rigorous approach towards the supervision of fund managers and hedge fund managers. As part of MAS' ongoing supervision, all fund managers are already required to disclose appropriate information if requested, including information needed for assessment of systemic risks. MAS will effect the changes to the regulatory regime through legislative amendments in early 2012. These changes include licensing requirements for fund managers (including hedge funds) that manage assets in excess of S$250 million. This will be on top of existing licensing requirements for fund managers who manage retail monies or have more than 15 qualified investors. In addition, capital and business conduct requirements and fit-and-proper tests for managers and staff would apply to all fund managers.

			to oversight to ensure that they have adequate risk management.		n%20on%20fund%20management%20regime_28Sept2010.pdf	
14 (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		
15 (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	Banks in Singapore do not have significant exposures to hedge funds. As part of MAS' supervisory process, banks are expected to conduct adequate risk assessments before they lend or trade with hedge funds, taking into account the fund's financial position, including their leverage. For all banks in Singapore, MAS requires that their aggregate exposures to a single counterparty group shall not exceed 25 percent of eligible total capital or capital funds. Furthermore, all banks are not permitted to have the aggregate of their exposures arising from investment in any index or investment fund to exceed 2 percent of eligible total capital or capital funds.	Part of ongoing supervisory work.
16 (36)	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	See response to Item 15 – In addition, a bank's private equity / venture capital investments are also subject to an aggregate limit of 10 percent of capital funds.	Part of ongoing supervisory work

Securitisation						
17 (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	MAS has implemented the BCBS' July 2009 enhancements to the market risk and securitisation frameworks as well as the corresponding Pillar 3 disclosure requirements. MAS' rules incorporating these enhancements were issued on 5 July 2011, to take effect on 31 December 2011. MAS has or intends to implement the following: • Under the Securities and Futures Act (SFA), any offer of securities, including securitised products, to retail investors must be accompanied by a prospectus, which would need to contain information such as the type of assets to be securitised, the credit quality of the obligors and the geographic distribution or other concentration which is material to the asset type. All information on the underlying assets (including in the case of a structured credit product, the names of the underlying reference entities) are to be disclosed in the prospectus. • MAS is of the view that investors in unlisted investment products, which include securitized products, should receive timely and meaningful ongoing disclosures. . On 21 Oct 2010, MAS issued the Guidelines on Ongoing Disclosure Requirements for Unlisted Debentures to implement ongoing disclosure obligations such as the requirement for issuers to notify investors of material changes that may affect the risks and returns of their investments and to make available semi-annual and annual reports to investors. Issuers are to also make available, publicly and regularly, bid or redemption prices of unlisted investment products. • On 28 Jan 2010, MAS issued a consultation paper to seek responses on a proposal to impose an obligation on financial advisers and brokers to formally assess a retail customer's investment knowledge or experience before selling investment products to the customer.	MAS' rules incorporating these enhancements were issued on 5 July 2011, and will be effective from 31 December 2011, in accordance with the BCBS agreement. MAS will effect its proposals through legislative amendments. The consultation period closed on 12 March 2010. MAS issued its response to the feedback received on 21 Oct 2010 and is looking to effect its proposals through legislative amendments.

					Customers who do not have the relevant knowledge or experience in specific unlisted investment products must be given financial advice before being able to purchase the product. In the case of listed investment products, additional safeguards will be required when brokers approve trading accounts for customers who are assessed not to possess the relevant knowledge or experience in derivatives. These new obligations will apply to securitised products sold to retail investors.	
18 (51, 52)	(Lon) (Pitts)	Improvement in the risk management of securitisation, including retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	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. Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.	By 2010	MAS is monitoring discussions relating to this area and will assess the appropriateness of such proposals in the local context. MAS is monitoring discussions relating to this area and will assess the appropriateness of such proposals in the local context.	Ongoing. Ongoing.
19 (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	MAS' existing rules on financial guarantee ("FG") business are aligned with those adopted by other jurisdictions that have well-established FG insurance markets. Under MAS' FG regulatory framework, FG insurers are required to maintain contingency reserves to buffer extraordinary surges in claims during cyclical downturns. MAS' Insurance Regulations are accessible via: http://www.mas.gov.sg/legislation_guidelines /insurance/sub_legislation/Insurance__Financial_ Guarantee_Insurance__Regulations.html and	Currently, there is no licensed FG insurer in Singapore. MAS is monitoring international regulatory developments on FG business with a view of to update and align our FG regulatory framework where necessary. MAS currently has the powers under the Insurance Act to impose additional conditions to address risks areas not covered under the existing FG

					http://www.mas.gov.sg/resource/legislation_guidelines/insurance/sub_legislation/Insurance_SL/INSURANCE%20(FINANCIAL%20GUARANTEE%20INSURANCE)%20REGULATIONS.pdf	Regulations.
20 (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	MAS' credit risk management guidelines emphasise the need for financial industry investors to conduct comprehensive assessments and monitoring of the creditworthiness of obligors rather than just rely on external credit ratings. Our guidelines emphasise the need for institutions to have policies to develop, review and implement an internal risk rating system, which would be validated periodically. Such a system will assign a credit risk rating to obligors that more accurately reflects the obligors' risk profile and likelihood of loss. MAS will look into strengthening the system as part of our periodic review of the guidelines.	Requirements are in existing risk management guidelines for institutional investors in the financial sector.
21 (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	Under the Securities and Futures Act (SFA), any offer of securities, including securitised products, to retail investors must be accompanied by a prospectus, which would need to contain information such as the type of assets to be securitised, the credit quality of the obligors and the geographic distribution or other concentration which is material to the asset type. All information on the underlying assets (including in the case of a structured credit product, the names of the underlying reference entities) is to be disclosed in the prospectus. MAS is of the view that investors in unlisted investment products should receive timely and meaningful ongoing disclosures. On 21 Oct 2010, MAS issued the Guidelines on Ongoing Disclosure Requirements for Unlisted Debentures to implement ongoing disclosure obligations such as the requirement for issuers to notify investors of material changes that may affect the risks and returns of their investments and to make available semi-annual and annual reports to investors. Issuers are to also make available, publicly and regularly, bid or redemption prices of unlisted investment products.	MAS will effect its proposals through legislative amendments.

IV. Improving OTC derivatives markets						
22 (17, 18)	(Seoul) (Pitts) (Lon)	Reforming OTC derivative markets, including the standardisation of CDS markets (e.g. CCP); and trading of all standardized OTC derivatives on exchanges, clearing and trade repository reporting.	We endorsed the FSB's recommendations for implementing our previous commitments in an internationally consistent manner, recognizing the importance of a level playing field. 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. We will promote the standardization and resilience of credit derivatives markets, in particular through the establishment of central clearing counterparties subject to effective regulation and supervision. We call on the industry to develop an action plan on standardisation by autumn 2009.	By end-2012 at the latest	MAS has announced that MAS will meet objectives set by G20 Leaders on regulation of OTC derivatives as well as recommendations by the Financial Stability Board (FSB). We are now reviewing our detailed policies and will conduct consultation by the end of this year on all aspects of FSB's recommendations. MAS aims to meet FSB target to implement the recommendations by end 2012. As a member of the IOSCO Task Force on OTC Derivatives, MAS supports the move towards greater transparency in the OTC derivatives market and participates actively in the discussions of the Task Force. The reports and recommendations by the Task Force will also be guiding principles in Singapore's implementation considerations As a member of the CPSS-IOSCO WG on the application of Recommendations for Central Counterparties to OTC derivatives clearing, and of the CPSS-IOSCO WG on review of standards for financial market infrastructure, we are supportive of and have contributed to the review of CPSS/IOSCO requirements for OTC derivatives central counterparties (CCP). SGX has launched a CCP for OTC financial derivatives which provides a platform for the increased migration of OTC financial derivatives. The international and regional banks are members of the CCP. MAS will ensure that the CCPs in Singapore will meet the revised CPSS/IOSCO requirements. The OTC Derivatives Supervisors Group ("ODSG") is actively engaging the OTC derivatives dealers to increase standardisation. MAS is supportive of the work being carried out by the ODSG.	MAS to continue participating actively in the Task Force discussions with a view to implementing the recommendations when finalised Part of ongoing supervisory work

V. Developing macro-prudential frameworks and tools						
23 (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	MAS exercises the functions of a central bank as well as an integrated financial services supervisor of banking, insurance and capital markets. Through these functions, MAS gathers data and information for micro-prudential and macro-prudential analysis, and keeps abreast of international developments and discussions on these issues. A Financial Stability Meeting is held regularly to discuss risks and developments which could impact Singapore's macroeconomic and financial stability. Senior management representation at the meeting includes supervisors and those responsible for macroeconomic surveillance and monetary policy. More specifically, we have been studying papers on macroprudential policy from the IMF (March 2011) and CGFS (May 2010), and have been participating in forums such as the FSB-IMF-BIS Macroprudential Roundtable in June 2011 in Basel, with a view to refining our current macroprudential policy.	MAS is closely monitoring international developments on these issues and risks, and is represented in the FSB's Standing Committee for Assessment of Vulnerabilities and its analytic subgroup AGV.
24 (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	As an integrated supervisor and central bank, MAS already gathers data from financial institutions either through regulatory submissions and/or regular industry surveys, together with macroeconomic and asset markets (e.g. property) data that it collects or obtains from other government agencies.	MAS has sufficient legal powers to obtain the necessary information. MAS is constantly reviewing whether existing data can be improved or new data should be collected for further analysis and understanding of material risks and vulnerabilities in the domestic system. MAS has recently joined the Implementation Group of the FSB Working Group on Data Gaps and Systemic Linkages, with this as one of the considerations.
25 (28)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as	End-2009 and ongoing	MAS is currently monitoring the leverage ratio of financial institutions, and using it as a supervisory tool (where significant or unusual movements trigger supervisory discussions). For property-related	Under Basel III, supervisory monitoring will start 1 January 2011 and parallel run between 1 January 2013 to 1 January 2017 before final calibration in 2017 and

			macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level… Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.		exposures of banks, MAS imposes an overall regulatory limit on such exposures. MAS requires minimum margin requirements for securities financing in the capital markets. MAS has started exploring a suitable countercyclical capital buffer framework that takes into account the structure of Singapore's financial system and real economy.	possibly a Pillar 1 approach on 1 January 2018. To be implemented in line with the BCBS proposals and timelines.
26 (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	MAS monitors closely and analyses trends and developments in asset markets in Singapore, as well as those in the Asia-Pacific region and in the developed economies, using a combination of forward-looking market indicators, and internal models to assess implications on the macro-economy and the financial system. MAS also maintains close contact with relevant government agencies, the Singapore Exchange and financial sector players to better understand trends in asset prices (e.g. in equity and property markets). MAS has been working closely with relevant government agencies in designing and implementing measures to temper the property market since Sept 2009. The calibrated measures are aimed at pre-empting a property bubble from forming, and ensuring a stable and sustainable property market by tempering sentiments and encouraging financial prudence among property purchasers, There have been several rounds of measures including the latest set of measures on 13 Jan 2011. Reflecting the importance we place on monitoring and understanding asset price dynamics, MAS co-hosted a research workshop on 'Property Markets and Financial Stability' with the BIS recently in Sep 2011.	Part of MAS' ongoing policy and supervision work. Going forward, MAS will continue our close monitoring of property price levels and transaction activity, and take stock of the impact of the Government's property measures.

27 (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	At the national level, MAS is an integrated supervisor of financial institutions in Singapore, besides being the central bank. Hence, national co-ordination is carried out in an expedient manner across departments within MAS. A Financial Stability Meeting is held regularly to discuss risks and developments which could impact Singapore's macroeconomic and financial stability. Senior management representation at the meeting includes supervisors and those responsible for macroeconomic surveillance and monetary policy. Foreign regulators can conduct inspections of their bank branches in Singapore and there are joint inspections as well. MAS sends its examination reports of foreign banks to parent supervisory authorities. MAS has regular bilateral dialogue and exchanges with relevant regulators and central banks in addition to participating in regional and international meetings. We have also signed MOUs with various foreign financial supervisory agencies related to information exchange and mutual assistance. Besides exchange of information on stability issues at such fora, MAS regularly publishes a Financial Stability Review, which examines potential risks and vulnerabilities in the financial system, as well as reviews the ability for the system to withstand potential shocks.	Part of ongoing work.
VI. Strengthening accounting standards						
28 (11)	(WAP)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.	Ongoing	MAS works closely with the Singapore Accounting Standards Council (ASC) and interacts with the private sector, to ensure consistent application and enforcement of high-quality accounting standards.	Ongoing

29 (New)	(Seoul)	Convergence of accounting standards	We re-emphasized the importance we place on achieving a single set of improved high quality global accounting standards and called on the International Accounting Standards Board and the Financial Accounting Standards Board to complete their convergence project.	End-2011		
30 (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	MAS has implemented the BCBS' July 2009 enhancements to the market risk and securitisation frameworks as well as the corresponding Pillar 3 disclosure requirements. This includes the enhanced guidance on prudent valuation and when valuation adjustments should be required. MAS' rules incorporating these enhancements were issued on 5 July 2011, to take effect on 31 December 2011. In May 2011, the IASB issued IFRS 13 Fair Value Measurement. IFRS 13 includes guidance on dealing with the fair value measurement of financial instruments in markets that are no longer active, including when valuation adjustments would be appropriate. IFRS 13 will be adopted in Singapore without modification.	MAS' rules incorporating these enhancements were issued on 5 July 2011, and will be effective from 31 December 2011, in accordance with the BCBS agreement.
31 (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	End-2009	The ASC has provided comments to the exposure draft on classification and measurement of financial instruments issued by the IASB in July 2009 as part of its IAS 39 replacement project. IASB has since finalised the accounting requirements on classification and measurement of financial instruments via the issuance of IFRS 9. The ASC deliberated on the adoption of IFRS 9, and has decided to defer its adoption in Singapore. In arriving at this decision, the ASC took into account the fact that this standard, which deals with classification & measurement of financial instruments, is the first phase of the IAS 39 replacement project and	The ASC will continue to participate in the technical and global developments of the standard and re-deliberate its decision as IFRS 9 is finalised in 2012.

			fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements.		the full impact of the other phases covering issues such as Impairment and Hedging has not been finalised. There is also the possibility of further changes to the standard due to the global convergence efforts as well as that arising from feedback received on other phases of the project.	
VII. Strengthening adherence to international supervisory and regulatory standards.						
32 (21, 22, 23)	(Lon) (WAP)	Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer reviews (Note) Please try to prioritise any major initiatives conducted specifically in your jurisdiction.	We are committed to strengthened adherence to international prudential regulatory and supervisory standards. 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. All G20 members commit to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessment of countries' national regulatory systems.	Ongoing	Singapore has requested for an update to our last FSAP to take place in 2013. With regards to international tax standards, Singapore has passed legislation to allow exchange of information on tax matters and has, to date, signed 30 Agreements incorporating the internationally agreed Standard for Exchange of Information. Singapore is also committed to contributing to discussions at the OECD Global Forum in our capacity as Vice Chair of the Peer Review Group (PRG). On AML/CFT standards adherence, Singapore underwent its 3rd Mutual Evaluation on the FATF 40+9 Recommendations in Sep 2007 and received 43 Compliant/Largely Compliant ratings. Singapore submitted our follow up report to the FATF in Feb 2010. The FATF found that Singapore has satisfied all the key and core recommendations and therefore graduated Singapore to biennial reporting.	Part of ongoing policy and supervision work. Singapore is in discussions with the IMF to schedule an FSAP update.
Reforming compensation practices to support financial stability						
33 (15)	(Pitts)	Implementation of FSB/FSF compensation principles	We fully endorse the implementation standards of the FSB aimed at aligning compensation	End-2010	When the FSB Principles and Standards were issued, our existing regulations and guidelines were already broadly in line with the FSB rules. To fully implement all the Principles and Standards, we issued a	While the Singapore banks are mostly in compliance with the FSB Principles and Standards, we are following up with them on the actions taken to further

	(Tor) (Seoul)		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 encouraged all countries and financial institutions to fully implement the FSB principles and standards by year-end. We call on the FSB to undertake ongoing monitoring in this area and conduct a second thorough peer review in the second quarter of 2011. We reaffirmed the importance of fully		consultation paper in March 2010 proposing enhancements to the Corporate Governance framework for locally incorporated banks and significant insurers. The proposals include, among others, requiring the Board to conduct a compensation review at least annually and to ensure that the compensation framework is risk adjusted, aligned to the job functions and sensitive to time horizon of risks. We implemented the revisions to the regulations and guidelines in December 2010. We required the Boards of directors of locally incorporated banks to conduct a self-assessment of their remuneration practices against the FSB Principles and Standards, to highlight any gaps, and develop action plans to address the gaps. We reviewed their submissions, held discussions with the banks on their action plans to further strengthen their compensation framework in areas that were not fully aligned with the FSB recommendations, and followed up to ensure that their action plans were on-track. Compensation schemes are examined as part of our risk-based supervisory activities. The supervisory dialogue includes recommendations on staff compensation structures if they are found to be inappropriate. In addition, our current regulations allow MAS to modify compensation structures in the case of firms that fail or require extraordinary public intervention.	strengthen their compensation framework where necessary.

			implementing the FSB's standards for sound compensation.			
34 (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	As above.	As above.
VIII. Other issues						
Credit rating agencies						
35 (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	We intend to implement a regulatory regime to regulate credit rating agencies operating in Singapore. We have issued a consultation paper on the proposed regulatory regime for CRAs in Singapore. Consultation has closed and we are in the process of considering the feedback received and formulating of response thereto.	Part of on-going policy and supervision work, with a view to implement a regulatory regime to regulate credit rating agencies in Singapore by 1Q2012.
36 (38)	(Lon)	CRA practices and procedures etc.	National authorities will enforce compliance and require changes to a	End-2009	See above.	See above.

			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.			
37 (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	MAS is a member of the IOSCO Implementation Task Force and has been working together with other Task Force members in revising the IOSCO Principles and Assessment Methodology. This work includes formulating and drafting the commentary and assessment methodology for the new IOSCO Principle 22 on CRA regulation which will serve as the benchmark for regulation of CRAs globally. MAS is at the same time working on implementing a CRA regulatory regime for CRAs in Singapore that will be consistent with the IOSCO Principle 22 and Methodology.	The IOSCO Principles and Methodology is scheduled to be completed and adopted by IOSCO by September 2011. MAS will continue working towards implementing a regulatory regime for CRAs in Singapore that is consistent with the IOSCO Principle 22 and Methodology with a view to implement the regime by1Q2012.
38 (40)	(Seoul)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors	Ongoing	MAS has, from the outset of its Basel II implementation, required banks to conduct their own due diligence before relying on external ratings for regulatory capital computation purposes. MAS' credit risk management guidelines emphasise	Implemented.

	(FSF 2008)		and central banks should not rely mechanistically on external credit ratings. 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.		the need for financial institution to conduct comprehensive assessments and monitoring of the creditworthiness of obligors rather than just rely on external credit ratings. An institution should also have a policy to develop, review and implement an internal risk rating system where appropriate. Such a system should be able to assign a credit risk rating to obligors that accurately reflects the obligors' risk profile and likelihood of loss and should be validated periodically. Institutions' implementation of guidelines is examined during inspections. Under MAS' Code on Collective Investment Schemes, which sets out best practices in the management, operation and marketing of collective investment schemes established in Singapore, a manager should where possible make its own credit assessments to verify ratings issued by credit rating agencies. In the event of a difference between its internal credit assessment and ratings issued by credit rating agencies, the manager is expected to adopt a more conservative approach.	
Risk management						
39 (48)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	MAS conducts comprehensive stress tests on banks and insurers on an industry-wide basis at least annually. The results of the stress test form part of our ongoing assessment of Singapore's financial stability, and further complement MAS' supervisory process. Under MAS' Pillar 2 requirements, Singapore-incorporated banking groups are required to conduct firm-wide stress testing within their ICAAPs.	Ongoing.
40 (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	This is assessed and monitored as part of MAS' on-going supervision work.	Part of ongoing supervision work.
41 (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	Ongoing	Our financial institutions provide risk disclosures that are consistent with the requirements under the international accounting standards and the Basel II Pillar 3 disclosure requirements.	Implemented.

			international best practice, as appropriate.			
Others						
42 (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	As part of our regular review, MAS, together with the Singapore Deposit Insurance Corporation (SDIC), reviewed the deposit insurance scheme in Singapore to enhance depositor protection. The enhanced scheme was implemented on 1 May 2011. The key changes to the Scheme were the increase in coverage limit from S$20,000 to S$50,000 and the expanded scope of coverage from insuring individuals and charities to include other non-bank depositors such as sole proprietorships, partnerships, companies and unincorporated entities. With these changes, 91% of depositors under the Scheme were fully insured. This meets our objective of providing adequate coverage for small depositors, while preserving the incentives for large depositors to exercise market discipline, and keeping costs to Scheme members manageable. In reviewing the Scheme, we have taken into consideration the core principles issued by the BCBS and International Association of Deposit Insurers in June 2009.	The DI scheme will be continually reviewed to ensure its objectives are met, and that the scheme is in line with evolving international standards and best practice.
43 (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	Ongoing	<u>Deposit Guarantees</u> The Singapore Government guarantee on deposits that was put in place on 16 October 2008 expired on 31 December 2010 as originally announced, without any draw on the guarantee. <u>Business & Trade Financing Schemes</u> To ensure that enterprises in Singapore had sufficient financial resources to continue to operate, invest, trade and internationalize, the Singapore Government significantly enhanced existing business and trade financing schemes in December 2008 and introduced the Special Risk Initiative (SRI), where the Government took on a share of the risk in bank loans made out to enterprises in Feb 2009.	<u>Business & Trade Financing Schemes</u> In view of Singapore's robust economic recovery and the easing of credit conditions, and with the global economy and financial markets now on a firmer footing, the Singapore Government has in some cases ceased, and in others, adjusted the financing schemes under the SRI and the enhancements for existing financing schemes that were introduced at the onset of the global economic crisis as of 1 Feb 2011. The revisions take into account the need to still ensure sufficient financing support for small businesses and to help ease

			strategies recognizing that the scale, timing and sequencing of this process will vary across countries or regions and across the type of policy measures.			businesses' transition back into pre-crisis conditions.

<u>Origin of recommendations</u>:

Seoul: The Seoul Summit Document (11-12 November 2010)
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)