Progress in the Implementation of G20/FSB Recommendations – June 2012

Jurisdiction: INDIA

Index

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
1. Refining the regulatory perimeter						
1 (new)	Cannes	Strengthening the oversight of shadow banking	We agree to strengthen the regulation and oversight of the shadow banking system.[1]	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: In India, systemically important non-bank finance companies are mostly regulated on par with banks. Regulatory framework has been put in place regarding the Money market funds (MMFs). MMFs are among several financial intermediaries that engage in market-based financing, within the concept of “shadow banking system”. ☐Completed as of Overview (short description) of action(s) taken: The recent steps taken as prudential measures to withstand any liquidity stress	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

[1] For this survey, the focus is exclusively on the recommendations for monitoring the shadow banking system, discussed in section 2 of the October 2011 FSB report: “Shadow Banking: Strengthening Oversight and Regulation”, which is available here: http://www.financialstabilityboard.org/publications/r_111027a.pdf.

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					are as under: 1. Addressing maturity mismatches – • Liquid funds can invest only in instruments of up to 91 day maturity from the earlier provision of 182 days. (SEBI circular dated 19/01/2009). • The closed ended schemes are allowed to invest in securities of initial or residual maturities not exceeding the maturity of the scheme for a better asset liability management. (SEBI circular dated 11/12/2008) 2. Liquidity transformation (limiting redemption pressure) – Close ended schemes are defined in Regulations as schemes in which the period of maturity is specified. Earlier regulation exempted close ended schemes from mandatory listing in case, inter-alia, the scheme provides for periodic re-purchase facility to all unit holders with restriction. The regulatory framework was amended to discontinue redemption before maturity and made mandatory listing of close ended schemes to provide investors with an exit option and gave fund managers certainty to manage funds till the closing date. (SEBI circular dated 11/12/2008)	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					3. Restricting leverage- The cumulative gross exposure through debt, money market instruments and derivative positions should not exceed 100% of the net assets of the scheme. 4. Allotment of units only when funds available with scheme for utilization - It was observed that mutual funds were deploying funds without receiving clear funds in the scheme account. In order to avoid systemic risk, the provisions regarding uniform cut-off timings for applicability of Net Asset Value (NAV) of mutual fund schemes/plans were modified. The application of purchase was to be recognized only when the funds were available for utilization before the cut-off time without availing any credit facility. (SEBI circular dated 26/11/2010) 5. Investment in Money Market Instruments - No mutual fund scheme shall invest more than thirty percent of its net assets in money market instruments of an issuer: Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations. (Notification dated 05/06/2009)	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					6. Restricting Regulatory Arbitrage (Investment by banks in liquid/short term debt schemes of mutual funds) - It was observed that banks' investments in liquid schemes of mutual funds have grown manifold. The liquid schemes continue to rely heavily on institutional investors such as commercial banks whose redemption requirements are likely to be large and simultaneous; on the other hand, they are large lenders in the over-night markets such as collateralised borrowing and lending obligation (CBLO) and market repo, where banks are large borrowers. Thus, banks could potentially face a large liquidity risk. It was, therefore, felt prudent to place certain limits on banks' investments in liquid/short term debt schemes of mutual funds. Accordingly, the Reserve Bank of India (the Central Bank) decided that the total investment by banks in liquid/short term debt schemes (by whatever name called) of mutual funds with weighted average maturity of portfolio of not more than 1 year, will be subject to a prudential cap of 10 per cent of their net worth as on March 31 of the previous year. (RBI notification dated 05/07/2011)	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
2 (11)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☒ Draft regulations/guidelines published as of AUG 2011 ☒ Final rules expected to be in force by JUL 2012 (with respect to AIF Regulations) ☒ Others, please specify: In India, systemically important non-bank finance companies are mostly regulated on par with banks. Regulatory gaps are monitored on a regular basis in order to reduce the possibilities of regulatory arbitrage. ☐Completed as of Overview (short description) of action(s) taken: I) Securities & Exchange Board of India (SEBI) is in the process of framing the SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) which would aid in extending the perimeter of regulation to unregulated funds and also ensure systemic stability, increase market	Planned actions (if any): As and when the relevant guidance from the international standard setters is available, India would examine the same for application customized to Indian situation. SEBI keeps a watch on the perimeter of regulation and carries out necessary regulatory reforms as and when required. For instance, currently, SEBI is in the process of bringing out comprehensive regulations for Alternative Investment Funds. The concept paper and draft regulatory framework on the same was uploaded at SEBI website on August 1, 2011 for public comments. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					efficiency, encourage formation of new capital and protect investors. Earlier, SEBI had put a concept paper along with the draft AIF Regulations on SEBI website on August 1, 2011. SEBI Board in its meeting on April 2, 2012 has approved the draft Regulations. Accordingly, the regulation would seek to cover funds broadly falling under the following 3 categories and for which registration as an AIF with SEBI would be mandated - a. Category I AIF - AIFs with positive spillover effects on the economy, for which certain incentives or concessions might be considered by SEBI or Government of India or other regulators in India and which shall include Venture Capital Funds, SME Funds, Social Venture Funds and Infrastructure Funds. b. Category II AIF - AIFs for which no specific incentives or concessions are given by the government or any other Regulator; which shall not undertake leverage other than to meet day-to-day operational requirements as permitted in these Regulations and which shall include private equity funds, debt funds, fund of funds and such other funds that are not classified as	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Category I or III. c. Category III AIF - AIFs including hedge funds that are considered to have negative externalities such as exacerbating systemic risk through leverage or complex trading strategies. II) The regulatory framework, as it evolved in India over the years, addresses the issue of systemic risk, through prudential capital requirements, exposure norms, liquidity management, asset liability management, creation of entity profile and reporting requirements, corporate governance and disclosure norms for both and non banking finance companies defined as systemically important and hence treated as a source of potential risk. The ultimate objective was that such interconnectedness should not result in transmission of risk to banks or the payment and settlement system. III) Financial Stability & Development Council - established by the Government of India under the Chairmanship of Union Finance Minister- and its subcommittee have a mandate to address the issues related to Financial Sector Development and Inter Regulatory Co-ordination. Further, SEBI has set up an Inter-	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Departmental Regulatory Review Committee chaired by a Whole Time Member (WTM)/Commissioner with Executive Directors as members to make rigorous and regular review of rules and regulations in Indian securities markets in order to deal with the perimeter of regulations IV) In order to deal with perimeter of regulations in Indian securities market, SEBI on September 28, 2011 has issued Guidelines for issues and listing of structured products/ market linked debentures. Further regulatory Framework for Investment Advisors and Alternative Investment Funds including hedge funds, private equities and other private pools of capital are in the processes of being framed. Web-links to relevant documents: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1317205112545.pdf http://www.sebi.gov.in/sebiweb/home/list/4/23/0/0/Press-Releases	
(i) Hedge funds						
3 (13)	(Seoul)	Regulation (including registration) of hedge funds	We also firmly recommitted to work in an internationally	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published	Planned actions (if any): SEBI is in process of further strengthening the risk based supervisory practices of various

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Lon)		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 to oversight to ensure that they have adequate risk management.		as of ☒ Final rules expected to be in force by JUL 2012 (with respect to AIF Regulations) ☒ Others, please specify: Hedge funds are at present not registered in India. However, it is possible for offshore hedge funds to make investment in India through FII or FVCI route subject to the FII/FVCI Regulations. The IOSCO recommendations on Hedge Funds have been taken note by SEBI. SEBI has come out with draft guidelines on Alternative Investment Funds which includes registration of Hedge Funds. ☐ Completed as of Overview (short description) of action(s) taken: SEBI had placed draft regulations for regulating alternative investment funds including hedge funds for public comment. Comments have been received. With a view to extending the perimeter of regulation to unregulated funds and ensuring systemic stability, increasing market efficiency, encouraging formation of new capital, the SEBI Board in its meeting held on April 2, 2012, approved framing of SEBI	intermediaries and mutual funds registered with it. SEBI is also in the process of developing comprehensive regulations for Alternative Investment Funds. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					(Alternative Investment Funds) Regulations, 2012. Web-links to relevant documents: http://www.sebi.gov.in/sebiweb/home/list/4/23/0/0/Press-Releases	
4 (14)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: RBI is in the process of entering into MOUs with Regulators/Supervisors in other jurisdictions for exchange of information. ☒Completed as of DEC 2009 (SEBI is a signatory to the IOSCO MMoU since June 2004) Overview (short description) of action(s) taken: SEBI has also entered into bilateral MoUs with 19 jurisdictions. SEBI is a member of Standing Committee 4 of IOSCO Technical Committee which deals with the subject of enforcement related cooperation and exchange of Information among IOSCO members.	Planned actions (if any): SEBI has been taking into account the international principles in policy making and would continue to keep in view the same in future. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
5 (15)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: In India, the prevalence of Hedge Funds is quite minimal and banks' exposure to them is insignificant. Banks' exposures to Venture capital funds are deemed to be on par with equity exposures. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
6 (16)	(FSF 2008)	Guidance on the management of exposures to leveraged	II.17 Supervisors will strengthen their existing guidance on the management of exposures to	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of	Planned actions (if any): Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
		counterparties	leveraged counterparties		☐ Final rules expected to be in force by ☐ Others, please specify: ☐ Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Web-links to relevant documents:
(ii) Securitisation						
7 (17)	(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	During 2010	No response required for this survey. Please refer to the BCBS progress report on the Basel 2.5 adoption, available at: http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			and disclosure;			
			• implement IOSCO's proposals to strengthen practices in securitisation markets.		Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: Exchange traded derivatives come under the regulatory purview of SEBI. As per the provisions of SCR Act, 1956, OTC derivative in equity is prohibited. The market for securitized products in India is not fully developed. It is hoped that, with the measures taken, the markets will develop along the intended lines. ☐Completed as of Overview (short description) of action(s) taken: In order to develop the primary market for securitized debt instruments in India, SEBI had notified the Securities and Exchange Board of India (Public offer and Listing of Securitised Debt Instruments) Regulations, 2008. The regulations provide for a framework for issuance and listing of securitized debt instruments by a special	Planned actions (if any): The market for securitized products is not fully developed . No specific timeline has been framed for next steps. The regulatory approach would be to proceed in a calibrated manner depending upon the progress of steps undertaken and developments in the markets/ overall environment. SEBI has been taking into account the international principles in policy making and would continue to keep in view the same in future. It is proposed to start trade reporting for transactions in securitized debt on authorized reporting platforms to bring about transparency in the secondary market Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					purpose distinct entity (SPDE). Listing of securitized debt instruments would help improve the secondary market liquidity for such instruments. With a view to enhance information available in the public domain on performance of asset pools on which securitized debt instruments are issued, SEBI has issued Circular on March 16, 2011 to put in place a Listing Agreement for securitized debt instruments. The Listing Agreement provides for disclosure of pool level, tranche level and select loan level information. As per this circular, the Listing Agreement will be required for all 'securitised debt instruments, as defined under regulation 2(1)(s) of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008, seeking listing on the Stock Exchange Web-links to relevant documents:	
8 (18)	(Lon)	Improvement in the risk management of securitisation, including	The BCBS and authorities should take forward work on improving incentives for risk	By 2010	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☒ Draft regulations/guidelines published	Planned actions (if any): Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Pitts)	retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	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.		as of SEP 2011 ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: The guidelines require originators of securitisation transactions on minimum retention, holding period etc. Web-links to relevant documents: 1. http://rbidocs.rbi.org.in/rdocs/Content/PDFs/DGSD270911F.pdf 2. http://rbidocs.rbi.org.in/rdocs/notification/PDFs/68628.pdf	Web-links to relevant documents:
9 (19)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			to structured credit.		☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
10 (20)	(FSF 2008)	Strengthening of supervisory requirements or best practices for 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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: RBI has issued elaborate guidance to banks on their market making activity related to derivatives and securitisation. These guidelines require banks to establish user appropriateness and suitability before offering a structured products to their clients. In case of Mutual Funds, regulations are in place prescribing investment restrictions	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					including investment in structured products. In order to ensure the compliance to these restrictions, Mutual Funds are also required to periodically disclose their investments. ☐Completed as of Overview (short description) of action(s) taken: As mentioned above. Web-links to relevant documents: 1.http://rbidocs.rbi.org.in/rdocs/notification/PDFs/76926.pdf 2.http://rbidocs.rbi.org.in/rdocs/notification/PDFs/68628.pdf	
11 (21)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☒ Draft regulations/guidelines published as of SEP 2011 (on securitisation) ☐ Final rules expected to be in force by ☒ Others, please specify: Exchange traded derivatives come under the regulatory purview of SEBI. As per the provisions of Securities Contract Regulation Act 1956, OTC derivative in equity is prohibited. SEBI had come out with	Planned actions (if any): Regulatory approach would proceed in a calibrated manner, depending upon the results obtained from the steps undertaken so far, the current state of the markets and the overall environment. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Regulations for the issue of Securitised Debt just before the crisis (May 2008). In India, Security Financial Products (SFPs) are traded on a bilateral basis (OTC). At present, there are no SFPs listed and traded on Recognized Stock Exchanges in India. ☒Completed as of February 2010 (in case of RBI) and May 2008 (in case of SEBI) Overview (short description) of action(s) taken: RBI implemented the Basel 2.5 requirements related to increased risk weights for re-securitisation exposures and disclosure requirements. The market for securitized products in India is not fully developed. It is hoped that, with the measures taken, the markets will develop along the intended lines. SEBI has also put in place a listing agreement for securitized debt instruments in March 2011. The agreement enables issuers to list their privately placed or publicly issued securitized debt and provides for disclosure of material information and monthly disclosures on pool, tranche and loan level information Web-links to relevant documents:	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					1. http://rbidocs.rbi.org.in/rdocs/Content/PDFs/DGSD270911F.pdf 2. http://rbidocs.rbi.org.in/rdocs/notification/PDFs/68628.pdfhttp://rbidocs.rbi.org.in/rdocs/Content/PDFs/DGSD270911F.pdf	
2. Enhancing supervision						
12 (5)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: No Indian bank figures in the list of Global-SIFIs. FSB is still working on broad recommendations for Domestic SIFIs. ☐Completed as of Overview (short description) of action(s) taken: RBI has issued detailed guidelines to banks on consolidated financial statements. In the Indian context, global operations of Systemically Important Financial	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Intermediaries (SIFIs), termed financial conglomerates in India, are not very significant. Within the country, there already exists a monitoring and oversight framework of financial conglomerates where three major regulators, viz. the RBI, SEBI and IRDA, are involved. The 'principal' or 'lead regulator' holds periodic meetings with the concerned sectoral regulators and the group entities. The oversight framework envisages monitoring by the 'principal' regulator, off-site monitoring and sharing of supervisory information with other regulators. This monitoring framework endeavours to identify contagion like situations at the incipient stage, which could snowball into a systemic concern unless addressed promptly. The framework also aims at addressing market disruption issues by undertaking assessments of sources of liquidity for the group. In December 2010, Government has established a Financial Stability Development Council (FSDC) with a view to institutionalize and strengthen the mechanisms for maintaining financial stability, financial sector development and inter-regulatory coordination, and without prejudice to the existing mandates and autonomy of the regulators. The FSDC is	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					chaired by the Union Finance Minister, with the financial regulators as its members. Within the umbrella of the FSDC, a subcommittee on inter-regulatory coordination has been set up. It is integrated by the heads of the regulatory agencies (RBI, SEBI, IRDA, PFRDA), and chaired by the RBI. Web-links to relevant documents:	
13 (8)	(Lon)	Establishment of Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009 (for establishing supervisory colleges)	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: RBI is in the process of establishing supervisory colleges for two banks and expect to have them in place in six months' time. ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
14 (8)	(Seoul)	Conducting risk assessments through international supervisory colleges	We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges …	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐ Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
15 (9)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels.		The Insurance Regulatory & Development Authority of India (IRDA) has applied to IAIS to be a signatory to the Multilateral Memorandum of Understanding. The application of IRDA is presently under process. It is expected that the MMOU would provide the gateway for exchange of information between regulators. ☐Completed as of Overview (short description) of action(s) taken: In order to address the limitations of the segmental approach to supervision, RBI, in consultation with SEBI and IRDA, decided upon putting in place a special monitoring system for SIFIs or Financial Conglomerates. Accordingly, a Financial Conglomerates (FC) Monitoring Mechanism has been in place in India since June 2004. SEBI is a signatory to the IOSCO MMoU since June 2004. SEBI has also entered into bilateral MoUs with 19 jurisdictions. SEBI is a member of Standing Committee 4 of IOSCO Technical Committee which deals with the subject of enforcement related cooperation and exchange of information among IOSCO member.	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					On inter-regulatory coordination among Indian regulators, a sub-committee has been set up under the FSDC integrated by the heads of RBI, SEBI, IRDA, PFRDA), and chaired by the RBI. Web-links to relevant documents:	
16 (10)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The regulatory framework in the insurance sector permits foreign entities to operate in the Indian jurisdiction only as joint venture partner in the insurance companies with a cap of 26% per cent in the equity capital of the firm. Cross border activity in the insurance sector is very restricted with only some of the Indian companies having operations through branch offices. ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): Following the prescription of IOSCO principle on Monitoring and Mitigating Systemic Risks, SEBI has set up a dedicated Systemic Stability Unit (SSU) recently. The SSU, inter alia, is mandated to conduct stress test of systemically important institutions in securities market to assess their resilience. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					SEBI, the securities market supervisor, is a statutory authority established by an act of Parliament. Hence, SEBI's responsibilities are clearly established by law. Since inception, SEBI has acted with a high degree of independence from both governmental and commercial interest. SEBI has required licensing, supervision, investigation and enforcement powers under its statute. SEBI has the authority to request information, testimony and conduct inspections on regulated entities. SEBI also has authority to request information and testimony from third parties. SEBI has enforcement powers over both regulated entities and third parties. It can impose a wide range of measures and sanctions including cease and desist orders, money penalties and even disgorgement. Together with the exchanges, SEBI has established a robust system of market surveillance, which is also helped by the fact that all customers are required to have one single number for purposes of transacting in the securities markets. SEBI has prescribed comprehensive risk	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					management framework for market, credit and operational risk management in Indian securities market. The RSEs, through the CCPs, monitor exposures on a real time basis. They have robust powers to deal with exposures, including setting limits. Brokers are required to post initial and variation margin and to contribute to a settlement fund. There are also circuit breakers that apply on individual securities, as well as system wise. The risk management framework for CCPs prescribes a periodical stress testing requirement their settlement guarantee fund. Web-links to relevant documents:	
17 (12)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The regulators have made an effort to develop and promote appropriate skill sets for the supervisors and for the firms with a	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					view to improving the capacity to understand and manage the risks. ☐Completed as of Overview (short description) of action(s) taken: In the banking sector, all attempts are made to develop the appropriate skill sets of supervisors through various methods viz.training (both in-house and external), seminars, etc. This is an on-going process. While undertaking financial innovation, adequate emphasis is placed on laying down a robust and comprehensive risk management framework by SEBI. Both the regulator and the Exchanges employ workforce having quantitative abilities as well as expertise in legal and specific product/segment related matters. Training is imparted to the employees at frequent intervals to keep them abreast with latest skills. Updating of technology to keep pace with the competitive environment also takes place. The details of the product are placed in public domain to obtain feedback from market participants and after due consultations, the modalities of the product relating to its design and trading are finalized. Before being eligible to participate, the brokers/ trading members	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					are required to pass a stringent certification examination. Proper disclosures / guidelines are issued well in advance and inspections are conducted regularly to ensure compliance with the regulatory requirements. Further, educational programmes are held at periodic intervals to generate awareness about different categories of risk pertaining to the product. SEBI also organizes specialized training program for their officers. They are also deputed for the overseas training. National Institute of Securities Markets established by SEBI organizes training programs on the latest development in the securities markets. Web-links to relevant documents:	
3. Building and implementing macro-prudential frameworks and tools						
18 (23)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify:	Planned actions (if any): As and when the relevant guidance from the international standard setters is available, India would examine the same for application, customized to the Indian situation. Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk.		Reserve Bank of India has been practicing macro-prudential regulation with a view to ensuring that systemic risks are contained. As regards the time dimension of systemic risk i.e. pro-cyclicality, RBI has been following the sectoral approach. The risk weights and standard provisioning requirements and prescription of LTV ratios are changed whenever it is found that bank credit to a specific sector is going up excessively. As regards the countercyclical capital buffer prescribed in Basel III, it is felt that aggregate credit to GDP ratio may not be applicable to Indian conditions. This is due to the structural transformation being experienced by the economy. A committee is working on the suitable calibration for the operationalisation of countercyclical capital framework. As regards cross section dimension of macroprudential framework, India has no G-SIFI. RBI will consider implementing broad principles on supervision of D-SIFIs as and when they are finalised by FSB. The sub-committee of the FSDC examines all issues relating to macro-prudential risks including systemic risks on periodic basis. The respective regulators are also mandated with the responsibility of supervision of their regulated entities, including the associated risks.	Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					☐Completed as of Overview (short description) of action(s) taken: The regulatory framework, as it evolved in India over the years, addresses the issue of systemic risk, through prudential capital requirements, exposure norms, liquidity management, asset liability management, creation of entity profile and reporting requirements, corporate governance and disclosure norms for both banking and non banking finance companies defined as systemically important and hence treated as a source of potential risk. The ultimate objective was that such interconnectedness should not result in transmission of risk to banks or the payment and settlement system. Web-links to relevant documents:	
19 (24)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): There is a proposal to further strengthen the legal position in this area by making suitable amendment in the SEBI Act. Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			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.		☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Reserve Bank of India has adequate authority to call for information from banks. Banking Regulation Act, 1949 provides statutory authority to RBI in this regard. Section 11(2)(i) of SEBI Act, 1992, gives SEBI the power, inter alia, for calling for information from stock exchanges, mutual funds, other persons associated with the securities market, intermediaries and self-regulatory organizations in the securities market. Section 11(2)(ia) of SEBI Act, 1992 also gives power to SEBI for calling for information and record from any bank or any other authority or board or corporation established or constituted by or under any Central, State or Provincial Act in respect of any transaction in securities which is under investigation or inquiry by the Board. By virtue of these provisions, SEBI is empowered to call for or furnish to any such agencies, as may be specified by the Board,	Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					such information as may be considered necessary by it for the efficient discharge of its functions. SEBI has entered into MoUs with a number of regulators for cooperation and exchange of information and is also one of the early signatories to IOSCO MMoU in exercise of said powers. Besides, on inter-regulatory coordination among Indian regulators, a sub-committee has been set up under the FSDC, integrated by the heads of RBI, SEBI, IRDA, PFRDA), and chaired by the RBI. Web-links to relevant documents: http://www.sebi.gov.in	
20 (25)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at	End-2009 and ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): I) As part of developing financial market infrastructure, recently, capital adequacy norms for CCPs have been laid down. CCIL's role is being gradually extended to the OTC interest rate and forex derivatives segment, initially as a reporting platform and thereafter, covering the settlement aspect. II) At present, there are no SFPs listed/traded on Recognized Stock Exchanges in India. SFPs are offered on an OTC basis by

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Cannes)		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. We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject.		Indian banks are moderately leveraged compared to international standards. The leverage ratio of Indian banks are much above the Basel III norm of 3 per cent. Basel III draft guidelines issued by RBI require banks to have leverage ratio of at least 5 %. A Systemic Stability Unit (SSU) has been set up in SEBI to regularly monitor systemic vulnerabilities in the market and assess systemic risks, if any, emanating from securities market and offer co-ordinated assistance/inputs from SEBI to Financial Sector Development Council (FSDC) in monitoring Systemic Risks in respect of Securities Market and monitoring of Systemically Important Financial Institutions under the jurisdiction of SEBI. Web-links to relevant documents: http://rbidocs.rbi.org.in/rdocs/notification/PDFs/DRFIII301211.pdf	regulated entities like banks and NBFCs. Current volumes of such transactions are not large and may not have any significant systemic impact. Nevertheless, RBI proposes to strengthen its monitoring mechanism in this regard. Expected commencement date: Web-links to relevant documents:
21 (26)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: For monitoring the stock price movements, India has several indices in place. Two major indices are BSE Sensex and NSE Nifty. There are also sectoral stock price indices. For housing prices, the National Housing Bank (NHB), the housing finance regulator, has developed a half yearly index recently. Separate surveys in respect of housing starts and housing prices have also recently been commissioned. Web-links to relevant documents:	
22 (27)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: Financial Stability and Development Council provides an institutional forum for	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			should be rapid during periods of market strain.		inter-regulatory coordination. ☐Completed as of Overview (short description) of action(s) taken: In India, to institutionalize inter-regulatory coordination and strengthen the framework for financial stability and financial sector development, the Govt. of India has established the Financial Stability and Development Council (FSDC), with Union Finance Minister as the chairman and heads of central bank and other sectoral financial sector regulators and senior officials of the Ministry of Finance as members. FSDC is assisted by a Sub-Committee, chaired by Governor, Reserve Bank, and its members include financial system regulators, the Finance Secretary and other key Ministry of Finance officials. The sub-committee normally meets once in a quarter. The sub-committee in effect substitutes the erstwhile High Level Coordination Committee on Financial Market (HLCCFM) in existence since 1995 for coordination and information sharing among Ministry of Finance, the Central Bank (RBI) and other sectoral regulators in financial market	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					In order to provide focused attention to the broad areas of functioning of the FSDC and its Sub-Committee, the Sub-Committee has set up two Technical Groups – a Technical Group on Financial Inclusion and Financial Literacy and an Inter-Regulatory Technical Group, with representation from all the financial regulators. Both Technical Groups will provide critical inputs to the Sub-Committee. These Technical Groups meet more frequently. The Financial Stability assessment is published in the Financial Stability Report with inputs from all sectoral regulators in financial market. The sectoral regulators also share information with RBI, as may be desired for monitoring of systemic risk though network analysis and information on Systemically Important Financial Institutions. The above mechanism of FSDC ensures that policies and programmes having wider implication on the financial sector are discussed, decided and implemented in a coordinated manner. Web-links to relevant documents:	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
4. Improving oversight of credit rating agencies						
23 (35)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: RBI accredits the CRAs for the purpose of use of ratings assigned by them to be used for regulatory capital calculation. The performance of accredited rating agencies is monitored regularly broadly as per Basel II requirements. However, the primary regulator for CRAs is SEBI and they monitor their performance on a regular basis. ☒Completed as of Overview (short description) of action(s) taken: SEBI framed Regulations for Credit Rating Agencies (CRAs) in the year 1999. The SEBI (CRA) Regulations, 1999 prescribe strict eligibility criteria for registration of a Credit Rating Agency. At present, there are 6 CRAs registered with SEBI. CRAs are mandated to ensure quality and integrity in their rating process. The CRAs are also	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					required to abide by the code of conduct prescribed in the CRA Regulations, which inter alia addresses issues relating to conflicts of interest within the CRA, its disclosure and also management of such conflicts, maintenance of arm's length distance between rating and other activities undertaken by them etc. SEBI has recently standardized the symbols and their descriptions for easy understanding of the investors. SEBI has taken the following measures to implement the recommendations made in the Report of the Committee on Comprehensive Regulation for Credit Rating Agencies: a. Vide circular dated January 6, 2010, SEBI has mandated a half yearly internal audit for credit rating agencies. The audit shall cover all aspects of CRA operations and procedures, including investor grievance redressal mechanism and compliance with the provisions of the securities laws. b. Vide the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2010 dated March 19, 2010, it has been made mandatory for a credit rating agency to obtain prior approval of SEBI for change in	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					its status or constitution. c. Vide circular dated May 3, 2010, SEBI has prescribed various transparency and disclosure requirements for credit rating agencies. These provide for various disclosures (rating procedure, default studies, income), measures to deal with conflict of interest, obligations in respect of rating of structured products, unsolicited credit ratings, etc. d. SEBI has issued, on 22-2-2011, a consolidated version of Regulations related to credit rating agencies incorporating all amendments. e. The Credit Rating Agencies (CRAs) registered with SEBI were using different rating symbols and their definitions / descriptions. Multiple rating symbols in the same category of rating products used by different Credit Rating Agencies could confuse the investing community. This also had the possibility of unhealthy competition among the CRAs. For easy understanding of the rating symbols and their meanings by the investors and to achieve high standards of integrity and fairness in ratings, SEBI standardized the rating symbols and definitions in consultation with Credit Rating Agencies.	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					f. The Credit Rating Agencies (CRAs) play an important role in the securities markets as investors take their decisions for investing in debt instruments issued by the companies based on ratings. Credit Rating Agencies registered with SEBI also carry out rating of other securities/ instruments and loans/facilities provided by banks which are not regulated by SEBI. Such ratings are being used by the other regulators or their regulated entities for the specified purposes. It was felt desirable that in addition to the review/accreditation process put in place by the other regulators, such ratings should also be governed by the same stringent norms as applicable for rating of securities issued by way of public/rights issue. In consultation with Credit Rating Agencies as well as other regulators, it has been mandated that Credit Rating Agencies shall follow the applicable requirements pertaining to rating process and methodology and its records/transparency and disclosures, avoidance of conflict of interest, code of conduct, as specified in the SEBI Regulations and circulars issued by SEBI from time to time. These guidelines will bring about better governance and transparency in the operations of the CRAs.	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents: http://www.sebi.gov.in/sebiweb/home/list/1/7/0/0/Circulars	
24 (36)	(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	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: RBI accredits the CRAs for the purpose of use of ratings assigned by them to be used for regulatory capital calculation. The performance of accredited rating agencies is monitored regularly broadly as per Basel II requirements. However, the primary regulator for CRAs is SEBI and they monitor their performance on a regular basis. ☐Completed as of Overview (short description) of action(s) taken: Detailed response given under point No.23. Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.			
25 (37)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Detailed response given under point No.23. Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
26 (38)	(Seoul)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance	Ongoing	No response required for this survey. Please refer to national summary tables in *Progress Report on Reducing Reliance*	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(FSF 2008)		on external credit ratings. Standard setters, market participants, supervisors 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.		*on CRA Ratings* (forthcoming).	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Cannes)		We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings.			
5. Enhancing and aligning accounting standards						
27 (28)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☒ Draft regulations/guidelines published as of FEB 2011 ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of	Planned actions (if any): As converged Indian Accounting Standards emphasizes on fair value accounting, which has tax implication, the date of implementation will be notified subsequent to various issues including the tax issues being resolved. For example where the financial assets are measured at fair value and gains are required to be recognized in profit and loss

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			high-quality accounting standards.		Overview (short description) of action(s) taken: The process of convergence of Indian Accounting Standards with IFRS is being carried out in Ministry of Corporate Affairs (MCA) through wide ranging consultative exercise with all the stakeholders. A Core Group constituted to prepare a roadmap for convergence has recommended that the IFRS should not be adopted per se but the Indian Accounting Standards should be converged with the global standards keeping in view country specific situations and the interest of Indian industry into account. Also all stakeholders unanimously decided that the converged standards should apply both to Stand alone as well as to Consolidated accounts, in the interest of transparency of financial statements. The primary objective of convergence initiative is integration with global markets and therefore early use of common business language, compatible with IFRS, is crucial particularly when Indian companies are now becoming truly multinational in their operations. 35 Indian Accounting Standards converged with International Financial Reporting Standards (henceforth called IND AS) are being notified. These are: IND ASs 1, 2, 7, 8, 10, 11, 12, 16, 17, 18, 19, 20, 21, 23, 24, 27, 28, 29, 31, 32, 33,	account as per Ind AS 39, a question would arise whether such gains should be taxed under the Income-tax Act and conversely, whether any such losses should be allowed to be deducted from taxable income. After resolution of such questions the implementation of the converged Indian Accounting Standards is likely to be smooth for all stakeholders. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					34, 36, 37, 38, 39, 40, 101, 102, 103, 104, 105, 106, 107 and 108. IRDA is of the view that in the absence of a proper understanding of the implication of various issues, in the short and long run, it would be too premature to migrate to the IFRS standards as planned earlier by IRDA. It had not been possible for IASB to adhere to the timeline of June 2011 for the finalisation of the Exposure Draft on insurance contracts. IASB is further expected to come out with a limited revised exposure draft on insurance contracts. Even after its eventual finalization, IASB provides a time period of 18 months for its implementation. This means that the standard on insurance contract may be ready for implementation by September, 2013. IRDA has sought deferment of compliance for insurance sector with IFRS standards, till IASB comes out with the revised standards on insurance contracts and valuation of financial assets. Web-links to relevant documents: http://www.mca.gov.in/Ministry/accounting_standards.html	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
28 (30)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The present accounting framework for investments by banks in India is guided largely by RBI guidelines on classification and valuation of investment portfolio. These guidelines require banks to provide for depreciation in the value of securities as per the norms detailed therein whereas it does not allow banks to recognise gains on account of appreciation. The standards would need to be examined in the context of IRDA moving towards formula based Solvency II. In addition, the Accounting Standard on Fair Value Accounting will have to be finalised at the international level and thereafter, the ICAI will take them into consideration while framing accounting standards applicable to the Indian jurisdiction. ☐Completed as of Overview (short description) of action(s)	Planned actions (if any): ICAI has issued converged IND AS (1) 32 Financial Instruments: Presentation, (2) 39 Financial Instruments: Recognition and Measurement and (3) 107 Financial Instruments : Disclosure based on respective IAS/IFRS. Further, IASB has expected extension for completion of the remaining phases of the project to replace IAS 39 beyond June 2011 and has accordingly proposed for mandatory effective date of IFRS 9 for annual periods beginning on or after 1 January 2015. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					taken: Web-links to relevant documents: Para 8.7 of the Master Circular http://rbidocs.rbi.org.in/rdocs/notification/PDFs/61MF290611FLL.pdf	
29 (31)	(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	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: India has announced its intention to converge to IFRS. The developments relating to the convergence of IFRS and US GAAP and deliberations on IFRS 9: Financial Instruments are being tracked. The Accounting Standard on Financial Instrument: Recognition and Measurement will have to be finalised at the international level and thereafter, the ICAI will take them into consideration while framing accounting standards applicable to India. The IASB has announced that the IAS 39 will be replaced with IFRS 9.	Planned actions (if any): ICAI has issued converged IND AS (1) 32 Financial Instruments: Presentation, (2) 39 Financial Instruments: Recognition and Measurement and (3) 107 Financial Instruments :Disclosure based on respective IAS/IFRS. Further, IASB has expected extension for completion of the remaining phases of the project to replace IAS 39 beyond June 2011 and has accordingly proposed for mandatory effective date of IFRS 9 for annual periods beginning on or after 1 January 2015. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			financial asset categories; (iii) Simplifying hedge accounting requirements.		☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
6. Strengthening adherence to international financial standards						
30 (32)	(Lon)	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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: 1. India has announced it intentions to converge to IFRS. In order to facilitate smoother convergence to IFRS, the RBI has set up a Working Group on IFRS Implementation to address implementation issues for the banking system and facilitate the formulation of operational guidelines, where applicable. However, efforts have been impacted by the delay in finalisation of IFRS 9 at IASB level . 2. Financial Sector Assessment Program (FSAP): In order to improve upon the	Planned actions (if any): India is currently a member of the FATF and has formulated an action plan to strengthen AML/CFT Norms and compliance in the financial sector. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			peer reviews, using among other evidence IMF / World Bank FSAP reports.		categorization assigned by FSB and gain an improved recognition from the perspective of financial stability of the Indian financial sector, the Government of India conveyed its agreement to submit to full-fledged FSAP carried out as a joint initiative of the International Monetary Fund and the World Bank. A team from IMF-World Bank had meetings with various Regulators of the financial sector and industry participants during their on-site visit for preliminary meeting in January 2011. A detailed review of compliance with various standards in the banking, securities and insurance sectors was carried out during June and October 2011. 3. India is a member of the FATF and has formulated an action plan to strengthen AML/CFT Norms and compliance in the financial sector. ☐Completed as of Overview (short description) of action(s) taken: Pursuant to the enactment of the Prevention of Money Laundering Act (PMLA) and Rules made thereunder with effect from July 01, 2005, SEBI has issued necessary instructions to fully comply with the AML/CFT requirements and relevant FATF	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					standards in this regard. A Master Circular encompassing the exact obligations for securities sector participants has been issued on December 31, 2010. Web-links to relevant documents: http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=22863 http://www.sebi.gov.in/sebiweb/home/list/1/6/0/0/Master-Circulars	
7. Enhancing risk management						
31 (4)	(WAP)	Enhancing guidance to strengthen 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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: RBI has issued guidelines to banks on various aspects related to risk management. These guidelines requires banks to set up robust risk management system within the	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					banks. Moreover, RBI is working on implementation of advanced approaches available under Basel II. Implementation of advanced approaches will further facilitate improvements in the risk management in the banks. Web-links to relevant documents:	
32 (4)	(FSF 2009)	Validation of adequacy of banks' capital buffers	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.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: This is being looked into during the Supervisory Review and Evaluation Process though it has not yet been implemented in a full fledged manner. Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
33 (4)	(FSF 2008)	Monitoring the implementation of updated guidance on liquidity risk	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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☒ Draft regulations/guidelines published as of FEB 2012 ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: This is being looked into during RBI's Annual Financial Inspection of banks. Web-links to relevant documents: http://rbidocs.rbi.org.in/rdocs/Content/PDFs/ALRS210212FL.pdf	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
34 (4)	(FSB 2009)	Enhancing banks' operations in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					☐Completed as of Overview (short description) of action(s) taken: There are regulations in place to monitor the overseas foreign currency borrowings by the banks in India. This exercise is undertaken as a part of the RBI's Annual Financial Inspection of banks. Web-links to relevant documents: http://rbi.org.in/scripts/BS_ViewMasCircul ardetails.aspx?id=6980#6	
35 (39)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: RBI issued guidelines to banks on stress testing in 2007. ☐Completed as of Overview (short description) of action(s) taken: RBI is working on further updating these	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					guidelines issued to banks. Central Counter Parties (CCPs) maintain a 'Settlement Guarantee Fund' (SGF). The SGF provides the cushion for any default risks from members. Different SGFs are established for different segments of the stock exchange. The corpus of the SGF is built up from contributions of both exchanges and the trading members and the accrual income of the corpus. CCPs do regularly conduct stress tests to determine the adequacy of the SGF. The adequacy of the fund is evaluated assuming the default of the ten members with the largest exposures, using transaction data of the day where the CCPs had the highest exposures in the last one month / year period. NSCCL conducts SGF stress tests on a monthly basis while BSE/ICCL undertakes yearly stress tests. The margin models are back tested on a quarterly basis in order to assess the adequacy vis-à-vis exposures of CCPs. Web-links to relevant documents: http://rbidocs.rbi.org.in/rdocs/notification/PDFs/78232.pdf	
36 (40)	(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	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of	Planned actions (if any): Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			must continue, where needed.		☐ Final rules expected to be in force by ☒ Others, please specify: Prudential Guidelines to banks on the management of impaired assets are in place. Incidentally, recent crisis did not lead to high amount of impaired assets in the books of banks in India. ☐Completed as of Overview (short description) of action(s) taken: The asset quality of the banks is examined during the Annual Financial Inspection by RBI and any additional provision requirement for impaired assets is adjusted with the capital of the banks along with other adjustments, if any. This gives a fair idea to the supervisors about the capital level of the banks. The norms prescribed by IRDA for the insurance sector for impairment of assets are similar to those prescribed by RBI . The requirement for additional capital is based on solvency margin requirement which is excess of assets over liabilities. The ratio of required solvency margin to available solvency margin has been kept at 150%.	Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
37 (41)	(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	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☒Completed as of FEB 2010 Overview (short description) of action(s) taken: RBI has implemented Basel 2.5 requirements related to disclosure on securitisation framework. Mutual funds are required to disclose the risks involved by making investment in mutual funds and specifically scheme specific risk factors of each product in their respective offer documents as per the existing regulatory requirement. Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
8. Strengthening deposit insurance						
38 (42)	(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	No response required for this survey. Please refer to peer review report on deposit insurance systems published in February 2012, available at: http://www.financialstabilityboard.org/publications/r_120208.pdf	
9. Safeguarding the integrity and efficiency of financial markets						
39 (new)	(Cannes)	Market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Regulatory framework in order to address risks involved in algorithmic trading has	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			high frequency trading and dark liquidity, and call for further work by mid-2012.		been put in place. Vide circular dated March 30, 2012, SEBI has prescribed broad guidelines for stock exchanges and stock brokers on 'algorithmic trading'. The recommendations put forward by IOSCO in its report on 'Regulatory issues raised by the impact of technological changes on market integrity and efficiency' dated October 2011, were taken into account while framing the said guidelines. Further, dark liquidity pools/ATS/MTS/ cross networking does not exist in India as the same are not permitted under Section 19 of the Securities Contract Act, 1956 (SCRA) which states that no person can organize or assist in organizing for the purpose of assisting in, entering into or performing any contracts in securities except through a registered stock exchange. Web-links to relevant documents: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1333109064175.pdf	
40 (new)	(Cannes)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012		☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
10. Enhancing consumer protection						
41 (new)	(Cannes)	Financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: Diverse differences in the degree of progress by different agencies. The IRDA Act, 1999 and IRDA (Protection of Policyholders' interests) Regulations, 2002 addresses the issues raised in the G20/ FSB recommendations. ☐Completed as of Overview (short description) of action(s) taken: BANKING SECTOR :(i) Banking Ombudsman Scheme by Reserve Bank of India (ii) Master Circular on Customer Service by Reserve Bank of India (iii) Code of Bank's Commitment to Customers by Banking Codes & Standards Board of India (iv) IBA Code, Fair Practice Code, Model Policy Documents by Indian Banks Association	Planned actions (if any): Areas that are under examination currently are standardisation of life insurance proposal forms including needs analysis; possible introduction of Key Features Documents for policies and addressing concern areas in tying and bundling insurance with other goods and services. An exclusive website for consumer education is going to be launched shortly. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					(v) Consumer Protection Act (vi) Report of the Committee on Customer Service in Banks - Reserve Bank had constituted a Committee in the year 2010 to review the customer service in banks. Committee submitted its report in 2011 making 232 recommendations covering all important customer service aspects of banking. 107 recommendations have so far been taken up for implementation. The measures indicated above fairly cover all the principles on financial consumer protection prepared by OECD. Further strengthening and fine tuning is an ongoing process. Web-links to relevant documents: http://www.irda.gov.in http://rbi.org.in/commonman/Upload/English/Content/PDFs/67933.pdf http://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=6529 http://www.bcsbi.org.in/Code_of_Banks.html http://www.iba.org.in/ http://www.ncdrc.nic.in/1_1.html	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					http://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=645	

Origin of recommendations:

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
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)

Index of acronyms

Example:
FSB: Financial Stability Board

AIF: Alternative Investment Funds
AML/CFT: Anti-money laundering/combating the financing of terrorism (norms)
BSE: Bombay Stock Exchange
CBLO: Collateralised borrowing and lending obligation
CCIL: Clearing Corporation of India Ltd.
CCP: Central Counter Party
CRA: Credit Rating Agencies
D-SIFI: Domestic Systemically Important Financial Institutions
FATF: Financial Action Task Force
FC: Financial Conglomerates
FII: Foreign Institutional Investor
FSAP: Financial Sector Assessment Program
FSDC: Financial Stability and Development Council
FVCI: Foreign Venture Capital Investor
GAAP: Generally Accepted Accounting Principles
GDP: Gross Domestic Product
G-SIFI: Global Systemically Important Financial Institutions
HLCCFM: High Level Coordination Committee on Financial Markets
IAIS: International Association of Insurance Supervisors
IAS: International Accounting Standard
IASB: International Accounting Standard Board
ICAI: Institute of Chartered Accountants of India
ICCL: Indian Clearing Corporation Ltd.
IFRS: International Financial Reporting Standards
IND AS: Indian Accounting Standards converged with IFRS
IOSCO: International Organization of Securities Commissions
IRDA: Insurance Regulatory & Development Authority of India
LTV: Loan-to-Value (ratio)
MCA: Ministry of Corporate Affairs
MMFs: Money Market Funds
MMoU: Multilateral Memorandum of Understanding
MoU: Memorandum of Understanding

NAV: Net Asset Value
NBFC: Non-banking financial companies
NHB: National Housing Bank
NSCCL: National Securities Clearing Corporation Ltd.
NSE: National Stock Exchange
OTC: Over-the-Counter
PFRDA: Pension Fund Regulatory and Development Authority
PMLA: Prevention of Money Laundering Act
RBI: Reserve Bank of India
RSE: Regional Stock Exchange
SCR: Securities (Contracts) Regulation [Act, 1956]
SEBI: Securities & Exchange Board of India
SFP: Security Financial Product
SFP: Security Financial Products
SGF: Settlement Guarantee Fund
SIFIs: Systemically Important Financial Institutions
SPDE: Special purpose distinct entity
SSU: Systemic Stability Unit