

Jurisdiction: Brazil

2014 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

- I. [Refining the regulatory perimeter](#)
- II. [Hedge funds](#)
- III. [Securitisation](#)
- IV. [Enhancing supervision](#)
- V. [Building and implementing macroprudential frameworks and tools](#)
- VI. [Improving oversight of credit rating agencies \(CRAs\)](#)
- VII. [Enhancing and aligning accounting standards](#)
- VIII. [Enhancing risk management](#)
- IX. [Strengthening deposit insurance](#)
- X. [Safeguarding the integrity and efficiency of financial markets](#)
- XI. [Enhancing financial consumer protection](#)
- XII. [Reference to source of recommendations](#)
- XIII. [List of Abbreviations](#)

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Refining the regulatory perimeter					
1 (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking ¹	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The BCB monitors those activities considered as shadow banking that are somehow connected to the financial institutions under its supervision, in order to identify and take action in case of potential exposure to the risk of contagion. Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved	Planned actions (if any): The BCB will continue to participate actively in the relevant forums, particularly in the FSB and its subgroups and monitor national developments that may warrant an extension of the perimeter of financial regulation. The CVM has participated in IOSCO committees and task forces that have contributed to FSB work. It has also participated directly in part of FSB work. The CVM intends to continue to take part of these committees, working groups and task forces. Furthermore, now that the majority of FSB work streams on shadow banking have finalized recommendations and that the process of implementation is under way, the CVM will continue to assess its regulatory framework against the recommendations regarding market-based activities, in order to verify whether there is any applicable recommendation, but presently it is not set by existing regulation (or equivalent).
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ² (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: <i>Shadow Banking: Strengthening Oversight and Regulation.</i>		

¹ Some authorities or market participants prefer to use other terms such as “market-based financing” instead of “shadow banking”. The use of the term “shadow banking” is not intended to cast a pejorative tone on this system of credit intermediation. However, the FSB is using the term “shadow banking” as this is the most commonly employed and, in particular, has been used in the earlier G20 communications.

² This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 31 Oct 2013 (effective in 1 Jan 2014)</p> <p>Short description of the content of the legislation/ regulation/guideline: Consolidated regulation and supervision of financial conglomerates already takes into account most of improvements that would otherwise require revision of the boundaries of the regulatory framework. Financial institutions are required to have in place a structure for the management of credit, market and operational risks. Such structure must provide an assessment of new products and services from a risk-based perspective. Additionally, the BCB takes a proactive and cautious approach towards new products and markets. Finance companies and broker-dealers are regulated by the National Monetary Council (CMN) and by the Central Bank of Brazil (BCB). Investment funds and securitization vehicles are regulated by the National Monetary Council (CMN) and by the Securities and Exchange Commission (CVM). The CVM is responsible for regulation and oversight of collective investment vehicles, including securitization vehicles. Rules</p>	<p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>regarding portfolio composition, restrictions on the use of derivatives (in some cases), liquidity management and redemptions are already in place in Brazil. The assessment of the need to expand the regulatory perimeter regarding market-based activities is an ongoing work, as set by IOSCO's Principle 7. For instance, in recent years, the CVM implemented additional monthly information for investment funds, such as VAR measure and the method used in its calculation; the impact on the fund's portfolio under different stress scenarios (just to the CVM); and the average portfolio maturity (CVM 512/11). In 2012, a new rule required disclosure of risk management policy and the methods employed to manage it, including liquidity risk, for which the fund managers were also demanded to observe some prescriptive rules regarding management of this risk (CVM 522/12). As of 2012 a new rule regulates credit rating agencies (CVM 521/12 - previously, they were unregulated) and another rule now requires further disclosure by securitization companies (CVM 520/12). And in 2013 the CVM issued Rule CVM 531/13 establishing</p>	

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				<p>stricter regulation applicable to ABS. The CVM is preparing a guideline regarding acquisition of private credits by collective investment vehicles. Insurance companies are regulated by the National Council of Private Insurance (CNSP) and by the Superintendence of Private Insurance (Susep).</p> <p>Highlight main developments since last year's survey: Issuing of Resolution CMN 4.280, effective since 1 Jan 2014, which establishes that monitoring of regulatory capital and risk exposure limits held by the BCB will be made on a consolidated basis for financial institutions under its regulation, including their subsidiaries and joint-ventures, and for investment funds whose risks and rewards are substantially retained by any of the entities consolidated. Such monitoring will include pools of goods and services (Consórcios, in Portuguese), payment institutions, securitization companies, special purpose entities, and investment funds, among others. The CVM intends to reform the rules on investment funds and has already submitted the proposal to public consultation. The most important reforms deal with aspects such as</p>	

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				<p>management fees or the industry's efficiency. Regarding supervision, the CVM has adopted a risk-based approach since 2009, including thematic supervisions: supervision on liquidity management, leverage and asset valuation have been reinforced since last year.</p> <p>Web-links to relevant documents: http://www.bcb.gov.br/ingles/norms/brprudential/Resolution4280.pdf </p>	

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II. Hedge funds					
2 (2)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should state whether Hedge Funds(HFs) are domiciled locally and, if available, indicate the size of the industry in terms of Assets Under Management (AUM) and number of HFs. Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009).</p> <p>In particular, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> - HFs and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2004</p> <p>Short description of the content of the legislation/ regulation/guideline: Hedge funds are subject to the same regulation applicable to the mutual investment funds (Rule CVM 409/2004).</p> <p>Highlight main developments since last year's survey:</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				Web-links to relevant documents: http://www.cvm.gov.br/ingl/regu/cvm_409.ASP	

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3 (3)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	<p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. <p>In particular, jurisdictions should indicate those jurisdictions where an MoU is in place that provides for oversight when a hedge fund is located in one of these jurisdictions and manager is located elsewhere.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Establishment of bilateral Supervisory Memoranda of Understanding (MOUs).</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2013</p> <p>Short description of the content of the legislation/ regulation/guideline: Legislation grants CVM sufficient power to enter into international agreements with supervisory authorities. Besides</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>being signatory to the IOSCO MoU, the CVM has signed supervisory MOUs with the US Financial Industry Regulation Authority (FINRA) and with the European Securities and Markets Authority (ESMA).</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

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4 (4)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented the Basel III rules for credit exposures to highly leveraged counterparties (para 112 of Basel III (Jun 2011) – see also FAQ no 1b.4 on Basel III counterparty credit risk, Dec 2012) , and principle 2.iii of IOSCO Report on Hedge Fund Oversight (Jun 2009). Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (Capital requirements for banks' equity investments in funds, Dec 2013) by 1 January 2017.</p> <p>For further reference, see also the following documents :</p> <ul style="list-style-type: none"> • BCBS Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • BCBS Banks' Interactions with Highly Leveraged Institutions (Jan 1999) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2013</p> <p>Short description of the content of the legislation/ regulation/guideline: Hedge funds are not deemed to pose a systemic risk through the credit channel in Brazil, as they are precluded from making loans, according to Rule CVM 409/2004, article 64. Nevertheless, taking into account that derivatives are the most relevant source of leverage for hedge funds, it</p>	<p>Planned actions (if any): Establishment of rules for the adequate management of counterparty credit risk.</p> <p>Expected commencement date: 2015</p> <p>Web-links to relevant documents:</p>
(4)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)			

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				<p>should be stressed that most transactions are traded in an exchange environment, characterized by margin requirements calculated by an independent third party (the exchange itself) and adjusted on a daily basis. Circular BCB 3,644/2013 established the Credit Valuation Adjustment (CVA) treatment for OTC derivatives, according to Basel III recommendations. A risk weight was also established for exposures to Central Counterparties (CCPs) in line with Basel III. Standardized treatment of banks' credit exposures to funds is compliant with Basel recommendations issued in December 2013. The advanced approach for banks' credit exposures to funds is also compliant with Basel recommendations issued in December 2013, according to Circular BCB 3,648/2013 (translation not yet available)</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://www.bcb.gov.br/ingles/norms/brprudential/Circular3644.pdf</p>	

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III. Securitisation					
5 (5)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> IOSCO's <i>Unregulated Financial Markets and Products (Sep 2009)</i>, including justification for any exemptions to the IOSCO recommendations; and BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf. <p><i>Jurisdictions may also indicate progress in implementing the recommendations of the IOSCO's Report on Global Developments in Securitisation Regulation (Nov 2012).</i>³</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2012, for regulation related to sales and transfers of assets, and 2013, for Basel 2.5 standards on exposures to securitisations.</p> <p>Short description of the content of the</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Some aspects of Report on Global Developments in Securitisation Regulation (IOSCO, 2012) depend of further global coordination, e.g. harmonisation of template.</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

³ Jurisdictions should not provide responses on IOSCO recommendations concerning the alignment incentives associated with securitisation (including risk retention requirements) since these will be covered by an IOSCO peer review in 2014.

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				<p>legislation/ regulation/guideline: Resolution CMN 3,533/2008 regulates the sale/transfer of financial assets and establishes criteria for their classification, accounting and disclosure in terms of the transfer of risks and benefits. Rules are effective from January 1st, 2012. Circular BCB 3,644/2013 regulates calculation of risk-weighted assets (RWA) component for credit risk under the standardised approach. The treatment of securitization operations is conservative, especially when financial institutions hold subordinated tranches. Rules are effective from October, 1st 2013. Circular BCB 3,648/2013 regulates calculation of RWA component for credit risk under the advanced approaches (IRB). According to Circular BCB 3,648/2013, financial institutions could apply for using IRB, using a hierarchy of approaches applicable to securitisation exposures slightly adapted from Basel II principles. The Ratings-Based Approach (RBA) is on the top of hierarchy, but relies on internal rather than external ratings. The Supervisory Formula Approach (SFA) is the next in hierarchy and is used when the financial institution is not able to calculate internal</p>	

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				<p>ratings that reflect the credit risk of underlying assets. When neither RBA nor SFA are feasible to be used, the standardised approach must be applied. The most common structures used for securitization in Brazil are the ones where the originator retains part of the risk of the operation through the acquisition of junior (subordinated) tranches. Additionally, the historic level of default in the investment portfolio is required to be disclosed in the prospectus. Rule CVM 409/2004 (article 65-B) applies to all funds in Brazil, including ABS. It determines that the fund operator must adopt policies, practices and internal controls to ensure that the fund liquidity be compatible with the redemption period promised in the by-laws and other fund liabilities.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://www.bcb.gov.br/ingles/norms/brprudential/Circular3644.pdf</p>	

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6 (6)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum’s consultative document on Mortgage insurance: market structure, underwriting cycle and policy implications (Feb 2013). 	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Currently, there are no ongoing regulation proposals or efforts’ concerning monoline insurers as this type of institution does not exist in Brazil.</p> <p><input type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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7 (7)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance product.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Applicable regulation determines the overarching duty that investment managers act in the best interests of their clients (Rule CVM 306/1999, article 14). Specific provisions can also be found in the funds regulation (Rule CVM</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>409/2004, article 65-A, included this rule in 2007, reinforcing the obligation of diligence). Also worth mentioning the orientations issued by the CVM such as Circular letter 2/2010, which prescribes some diligence steps with regard to some kind of assets. Resolution CMN 4,263/2013, which regulates the conditions for the issuance of Structured Operations Certificates (COE, in the local acronym), presents a series of provisions designed to ensure the adequacy of the product to its target audience and its broad understanding by investors. Not only the issuer, but also institutions taking part in the process of distribution or negotiation of COE must implement policies and procedures to ensure the adequacy of the product to the investors' profile, observing their needs, interests and goals. In addition, it is important to mention that these certificates must be issued and traded through CSD (Central Securities Depositories), allowing transactions to be monitored and processed in a transparent, safe and efficient environment.</p> <p>Highlight main developments since last year's survey: Issuing of Resolution CMN 4,263/2013 regarding Structured</p>	

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				<p>Operations Certificates (COE, in the local acronym) CVM is working on a new circular letter, which will bring recommendations for investment in private credit assets.</p> <p>Web-links to relevant documents: http://www.cvm.gov.br/ingl/regu/CVMINST_306_rev.asp</p>	

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8 (8)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) and IOSCO's Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2012</p> <p>Short description of the content of the legislation/ regulation/guideline: Rule CVM 520/2012 regulates mortgage-backed securities (MBS), including disclosure requirements. Rules CVM 484/2010 and 489/2011 regulate the disclosure of information of asset-backed</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>securities (ABS). According to Rule CVM 504/2011, since January 2012 securitization funds must send information about their purchases of credits to the BCB Credit Bureau (SCR).</p> <p>Highlight main developments since last year’s survey: Issuing of Rule CVM 531 in February 2013, which improved information on ABS funds.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV. Enhancing supervision					
9 (9)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.⁴</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) • ICP 23– Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: 2014</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: No specific regulation or guidelines on the supervision of SIFIs have been issued so far. No G-SIFIs are headquartered in</p>	<p>Planned actions (if any): A BCB workgroup is developing a methodology to identify and classify domestic banks according to their systemic importance, based on the BCBS G-SIB methodology.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

⁴ The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Brazil. Concerning D-SIFIs, no formal definition is yet available. The BCB carries out in an annually basis a comprehensive risk and control assessment of the financial conglomerates whose failure could pose risk to financial stability. Besides that, based on information from different sources, including the conclusions of the risk and control assessment, supervisors and specialized teams decide which areas should be focused on on-site inspections. The activities related to such institutions are classified as top priority in terms of allocation of resources. Off-site supervisory team prepares reports, red flags and analysis tools to be used by on-site supervisory team. The BCB receives information on a daily basis, such as:</p> <ul style="list-style-type: none"> • All financial instruments issued or held by financial institutions registered in clearing houses or register centres; • All securities and derivatives transactions registered and traded at clearing houses; • All securities transactions settled through the Brazilian Payments System, operated by BCB; • All loans informed to the credit information system, maintained by BCB; and • All FX operations and credit lines registered online at the BCB. In 	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>terms of regulation, financial institutions must implement risk management structures according to the complexity and volume of their operations. Therefore, the larger the conglomerate or the more complex its operations, the higher the demands required by regulation. For example, Resolution CMN 3,988/2011 states that institutions with total assets greater than R\$100 billion must implement the Internal Capital Adequacy Assessment Process (Icaap), in order to assess the need for extra capital to cope with all relevant risks not covered by Pillar 1 requirements.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (10)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Please indicate whether supervisory colleges for all significant cross-border firms (both banks and insurance companies) have been established and whether the supervisory colleges for G-SIFIs are conducting rigorous risk assessments.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Establishment of supervisory colleges for the two Brazilian financial conglomerates that have sizeable presence abroad (Banco do Brasil and Itaú). Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2010 Short description of the content of the legislation/ regulation/guideline: The BCB has established biennial supervisory colleges for the two Brazilian financial	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(10)		We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)	Principle 13 of BCBS <u>Core Principles for Effective Banking Supervision</u> and <u>Good practice principles on supervisory colleges (Oct 2010)</u> may be used as a guide for supervisor to indicate the implementation progress. For further reference, see the following documents: BCBS: <ul style="list-style-type: none"> • <u>Core Principles for Effective Banking Supervision (Sep 2012)</u> IAIS : <ul style="list-style-type: none"> • <u>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</u> • <u>Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</u> IOSCO: <ul style="list-style-type: none"> • <u>Principles Regarding Cross-Border</u> 		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			<u>Supervisory Cooperation (May 2010)</u>	<p>conglomerates that have a relevant presence abroad. The first college meeting took place in September 2010. The supervisory college meetings include discussions on the risk profile, related internal controls and associated perspectives of each offshore unit of the two mentioned Brazilian financial conglomerates. All discussions and points highlighted during the meetings are taken as inputs for the regular consolidated risk and control assessment under the Brazilian supervisory process.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (11)	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Establishment of several agreements and MoUs with domestic and foreign supervisory authorities. Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2012 Short description of the content of the legislation/ regulation/guideline: Since 1997, under provisions of Complementary Law 105/2001, the BCB	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(11)		Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>has established several agreements with other Brazilian authorities, as well as with foreign supervisors. About the Brazilian authorities, a highlight is the establishment of the COREMEC in 2006, in order to coordinate regulatory and supervisory actions between the BCB and the Federal Agencies responsible for the supervision of the following areas: insurance, pension funds, securities and exchange. BCB has signed 15 agreements with other Brazilian authorities in order to exchange information and coordinate actions. To date, the BCB has also signed 17 bilateral agreements (“memoranda of understanding” – MoUs) with 20 foreign supervisory authorities for the exchange of information. These MoUs have supported inspections in foreign units of Brazilian banks, inspections in Brazilian units of foreign banks, the participation in supervisory colleges and the regular exchange of information. It is important to mention that Brazil was fully compliant with BCP 25 (Home-Host Relationships) in the last FSAP/ROSC assessments (report published in July, 2012).</p> <p>Highlight main developments since last year’s survey:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents: Brazil: Detailed Assessment of Observance of Basel Core Principles for Effective Banking Supervision http://www.imf.org/external/pubs/ft/scr/2012/cr12207.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	No information on this recommendation will be collected in the current IMN survey since a peer review is taking place in this area during 2014.		
(12)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)			
(12)		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (13)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ⁵ and private pools of capital to limit the build up of systemic risk. (London)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2013 Short description of the content of the legislation/ regulation/guideline: A	Planned actions (if any): An internal policy guidance on the operation of the countercyclical buffer, as well as an external document describing its general features will be issued in 2014. Expected commencement date: 2015 Web-links to relevant documents:
(13)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.		

⁵ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Financial Stability Committee (Comef) was established by the BCB with the responsibility to assess systemic risks and propose risk mitigation policies. Comef is composed of members of BCB board of directors, who also compose the Monetary Policy Committee (Copom). Law 4,595/1964 and Complementary Law 105/2001 give the BCB the power to request any information from financial institutions. Legal provisions also allow the BCB to sign agreements with other financial authorities, both in Brazil and abroad, in order to exchange information and to coordinate joint supervisory actions. No gaps in the powers of BCB to collect information from financial institutions have been identified. The BCB was assigned the power to operate the countercyclical capital buffer according to the Basel III regulation issued by the CMN. Further research is underway to identify the indicators for the buffer operation and its impact on the economy.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (14)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other public reports, where available) the types of systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p> <p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF staff papers on Macroprudential policy, an organizing framework (Mar 2011) and on Key Aspects of Macroprudential policy (Jun 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Establishment of a methodology to monitor the national financial system from a macroprudential perspective and feed into the regulatory decision process.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p>	<p>Planned actions (if any): Aiming at the treatment of domestic systemically important banks (D-SIBs), the BCB is developing a methodology to quantify the systemic importance of an institution in line with the framework for dealing with D-SIBs issued by BCBS in 2012. The BCB is also undertaking research on indicators and impact of the countercyclical buffer (triggers for turning on and off, buffer levels, etc.). The BCB is also finalizing an analytical framework to support decisions on the size of the countercyclical capital buffer. Draft guidelines in preparation. Regulation is planned to be published by the end of 2014.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Monitoring of the national financial system through a macroprudential perspective is continuous. Information collected and processed by off-site supervision team is forward to Financial Stability Committee (Comef), quarterly meetings, encompassing sources of risk in the financial system and shadow banking (as well as contagion channels), and analysis of potential vulnerabilities related to developments in corporate and external sectors. Based on information sent by supervised institutions as well as by custody services and clearing houses, the BCB periodically performs stress tests for monitoring financial stability. Stress tests aiming at determining the possible effects of changes in the prices of certain market parameters (e.g. loans, interest rates, exchange rates) in the solvency of the financial system as a whole. Stress tests may be performed on an individual basis or for financial conglomerates. The BCB has also developed a methodology for monitoring nationwide changes in real estate prices. The information allows the BCB to verify the prices at which supervised institutions trade their portfolio of marketable securities (acquired or issued). A non-risk-based	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>leverage measure is already applied solely for purposes of monitoring. Financial institutions are required to register OTC derivative instruments but no initial margins or haircuts are involved. Securities financing transactions are carried out exclusively through clearing and settlement systems. In March 2013, CMN regulation incorporating Basel III principles was published, including the introduction of a countercyclical buffer as a macro-prudential tool. Some other recent macro-prudential measures include: (1) Increase in capital requirements for consumer loan exposures involving longer maturities and higher loan-to-value ratios. The risk weight for such exposures was raised from 100% to 150%; (2) levying a non-remunerated reserve requirement on short spot FX positions above a specified limit; and (3) establishment of a minimum payment for credit card bills.</p> <p>Highlight main developments since last year's survey: The Basel III regulation is effective since October 2013. Additional CMN regulations, in October 2013, clarified and improved the risk-based capital framework. The RCAP</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>(Regulatory Consistency Assessment Programme) team found Brazil to be overall a “compliant jurisdiction”, with its capital standards aligned with the international minimum requirements for Basel Committee members.</p> <p>Web-links to relevant documents: http://www.bcb.gov.br/?BRPRUDENTIALFINREG </p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (15)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Please describe the institutional framework through which information sharing between supervisors and the central bank takes place, e.g. through internal or inter-agency committee or bilateral MoUs. Please also describe any initiative to remove identified obstacles to enhance cooperation and information sharing.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Cooperation agreement between BCB and CVM and creation of a coordination committee (Coremec). Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2006 Short description of the content of the legislation/ regulation/guideline: An agreement for information-sharing between the banking regulator (BCB) and	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>the capital markets regulator (CVM) is in place. Also, banking, capital market and insurance regulators established a specific high-level coordination committee of financial authorities (Coremec).</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (16)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2012 Short description of the content of the legislation/ regulation/guideline: Rule CVM/2012 regulates CRAs according to IOSCO’s international standards. Highlight main developments since last year’s survey: Web-links to relevant documents:	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(16)		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.	<ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) Jurisdictions may also refer to the following IOSCO documents:		
		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.	<ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs 		
		The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	<ul style="list-style-type: none"> • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) 		
		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	<ul style="list-style-type: none"> • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) 		
(New)		We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (17)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that</p>	No information on this recommendation will be collected in the current IMN survey since the report of the second stage of the thematic peer review has been published recently [insert link whenever published].		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
(New)		<p>would enhance transparency of and competition among credit rating agencies. (Los Cabos)</p> <p>We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)</p>			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (18)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	<p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2009</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>According to Law 4,595/1964 (Banking Law), the BCB regulates, supervises and sets accounting standards for financial institutions. Financial institutions have</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>applied IFRS accounting principles on a consolidated basis since 2010.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (19)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: <ul style="list-style-type: none"> • <u>Basel 2.5 standards on prudent valuation (Jul 2009)</u> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> 	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2001 Short description of the content of the legislation/ regulation/guideline: The BCB regulation states that financial institutions are responsible for evaluating properly fair value, which must be established based on consistent criteria and available for auditing, with data	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(19)		Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				collected independently. Highlight main developments since last year's survey: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (20)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. In particular, please indicate the status of implementation of the following standards:	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed :	Planned actions (if any): BCB's supervision areas (both on-site and off-site) survey stress testing practices adopted by the financial institutions. Those practices will be compared to the regulation requirements and to Basel guidelines in order to determine the necessary changes in current regulation. Brazil intends to maintain its liquidity framework in compliance to Basel guidelines. In order to do so, LCR regulation is expected to be issued by 2014. As defined by BCBS, the LCR will be introduced on 1 January 2015; the initial minimum requirement will be 60%, rising 10% yearly to reach 100% on 1 January 2019. Regarding NSFR, BCB representatives actively take part in international discussions, sharing, at the same time, most relevant issues and decisions to local financial institutions, so that they are fully aware of liquidity requirements to be adopted by Basel Members. There are plans to integrate some BCB monitoring tools: stress testing, contagion risk assessments and
(20)		National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	<ul style="list-style-type: none"> • BCBS <u>Basel III: International framework for liquidity risk measurement, standards and monitoring (Dec 2010)</u> • BCBS <u>Principles for sound stress testing practices and supervision (May 2009)</u> 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Continuous monitoring of liquidity risk	
(20)		Regulators and supervisors in emerging markets ⁶ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's <u>thematic peer review report on risk governance (Feb 2013)</u> and BCBS <u>Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)</u>	Status of progress : <input checked="" type="checkbox"/> Draft in preparation, expected publication by: 2014 (LRC) <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2012 for capital planning and stress testing (Resolution CMN 3.988/2011)	
(20)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)			

⁶ Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Short description of the content of the legislation/ regulation/guideline: Regulation issued by the CMN prescribes the adoption of risk management procedures for all financial institutions concerning credit, market, operational and liquidity risks, according to recommendations issued by the BCBS. Resolution CMN 3,988/2011 established the implementation of framework for capital management by Brazilian financial institutions by 2013, including an Internal Capital Adequacy Assessment Process (Icaap). Circular BCB 3,547/2011 determines that Icaap procedures include, among other aspects, the conduction of stress tests and analysis of their impacts on the capital planning. Stress tests across the national financial system have been periodically carried out by the BCB, considering both specific and macro shocks. Additional regulation regarding the management of credit, market, operational and liquidity risks require financial institutions to conduct stress tests. The Brazilian liquidity framework is mainly based on the Resolution CMN 4,090/2013 that establishes that financial institutions supervised by the BCB must implement</p>	<p>probability of default models.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>an adequate framework for managing liquidity risk, in accordance with the complexity and the volume of their operations. Short and long term stress tests must be performed based on idiosyncratic and systemic assumptions and scenarios. A liquidity contingency plan has to be structured containing procedures to face liquidity restriction and attribution of responsibilities.</p> <p>Besides that, Brazil implemented in 2002 a highly automated system of payments (Brazilian Payments System -SPB) based on real-time settlement. This system provides an advanced environment for banks to control their intra-day liquidity and employs a delivery-versus-payment model, which reduces transaction risk and, consequently, systemic risk. During daily management of cash, the settlement of operations is prevented in case of an insufficiency of funds in the reserves account of a financial institution at the BCB. The SPB allows the BCB to gather information on banks' assets and liabilities from sources like the BCB-operated systems for funds transfer (Reserves Transfer System–STR) or for settlement of repo operations (Special System for Settlement and Custody–</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Selic), as well as from private clearing houses, in order to monitor liquidity risk on a daily basis. Besides that, the on-site supervision of liquidity risk management takes place periodically or as a specific supervisory work as a result of an early warning of weakness provided by the Financial System Monitoring Department. About the operations in foreign currency, Resolution CMN 3,488/2007 sets a limit to the exposure in foreign currencies and gold. This limit is set at 30% of Regulatory Capital on a consolidated basis. Netting is permitted by currency and partially across strongly correlated currencies. To this net exposure is added the net cross border exposure in different jurisdictions (Brazil vs. foreign countries). Off-balance sheet items must be considered when calculating the exposure. Banking supervision has taken a stance on adopting a more critical view on the role of liquidity lines from foreign sources in contingency plans. Resolution CMN 3,622/2008 deals primarily with financing of foreign trade funded in Brazilian external reserves, regulating the provision for collateralized foreign currency loans to the financial system. Circular BCB</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>3,474/2009 establishes procedures for a better monitoring of foreign exchange exposures, requiring the mandatory registration in Brazilian clearing systems of derivatives contracted by Brazilian banks' foreign branches, in order to increase transparency in derivatives operations.</p> <p>Highlight main developments since last year's survey: Due to the amendments related to the definition of high-quality liquid assets (HQLA) and net cash outflows (issued by BCBS in January 2013), the BCB has postponed LCR regulation issuance to 2014. During 2013, the BCB has presented to local financial institutions the concepts and challenges associated to Basel III liquidity requirements implementation. Additionally, two Quantitative Impact Studies (QISs) were performed by the BCB to evaluate possible LCR adoption effects on local market. The latest one was carried out at the beginning of 2014, comprising major local banks. The obtained results are expected to be used on LCR regulation issuance. The BCB carries out on-site inspections periodically to assure that financial institutions comply with liquidity</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>regulation. The BCB also runs continuous off-site liquidity monitoring based on a liquidity index similar to LCR. The liquidity index is reported on the Financial Stability Report on aggregated manner, comprising the entire Brazilian financial market.</p> <p>Web-links to relevant documents: Regulatory Consistency Assessment Programme (RCAP) - Assessment of Basel III regulations in Brazil: http://www.bis.org/bcbs/implementation/12_br.pdf - Part of Brazilian Prudential Financial Regulation: http://www.bcb.gov.br/?BRPRUDENTIALFINREG</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2013. Jurisdictions may also refer to the relevant IMF Financial Soundness Indicators at http://fsi.imf.org/ .	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2011 Short description of the content of the legislation/ regulation/guideline: Brazilian banks did not suffer significant asset losses since the onset of the recent crisis and are generally well capitalized. As a consequence, a few banks have raised new capital in the form of hybrid instruments as an adaptation to the new	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Basel III rules rather than to cover past losses. Regulation on capital management was issued in 2011, determining the assessment of capital needs, considering the strategic goals of financial institutions and the risks they face.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: http://www.bcb.gov.br/ingles/norms/brprudential/Resolution3988.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (22) (New)	Enhanced risk disclosures by financial institutions	<p>Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)</p> <p>We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)</p>	<p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks and Implementation Progress Report by the EDTF (Aug 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>The supervisory authority regularly checks if requirements are met, as well as the quality and adequacy of disclosures in the financial statements of financial institutions, including the IFRS 7 and, starting in 2013, IFRS 13.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: 30Jun2014, for Pillar 3 improvements.</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Short description of the content of the legislation/ regulation/guideline: Circular 3,678 of October 31, 2013 introduced the Pillar 3 requirements recommended in the Basel document “Composition of capital disclosure requirements” issued in June 2012, including the disclosure templates.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: http://www.bcb.gov.br/ingles/norms/brprudential/Circular3678.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (23)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB's February 2012 thematic peer review report on deposit insurance systems:</p> <ul style="list-style-type: none"> Adoption of an explicit deposit insurance system (for those who do not have one) Full implementation of the Core Principles for Effective Deposit Insurance Systems jointly issued by BCBS and IADI in June 2009 (by addressing the weaknesses and gaps identified in peer review) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2012</p> <p>Short description of the content of the legislation/ regulation/guideline: Resolution CMN 4,222/2013 consolidates the statute and regulation of the Brazilian deposit insurance for banking financial institutions (Fundo Garantidor de Créditos – FGC) and Resolution CMN 4,284/2013 consolidates the statute and</p>	<p>Planned actions (if any): The FGC is developing a new code of ethics and public awareness programme. There are ongoing studies in order to allow the BCB to contract repo transactions with the FGC and the FGCoop in the open market, as investment of their financial resources.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>regulation of Brazilian deposit insurance for credit unions (Fundo Garantidor do Cooperativismo de Crédito – FGCoop).</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (24)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2007</p> <p>Short description of the content of the legislation/ regulation/guideline: Brazil is compliant with all five IOSCO recommendations on market integrity and efficiency: Rec.1: Rule CVM 461/2007 establishes principles for equitability and competition. Rec.2: There are trading control procedures (circuit breaker,</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>auctions). Rule CVM 168/1991 and Stock Exchange Rules. Rec.3: There are no unregulated entities participating in direct trading mechanisms and clients with direct access have orders filtered. Recs.4, 5: CVM has recently improved surveillance by a new market surveillance system. In addition, it is worth mentioning that there are no dark pools systems active in Brazil.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (25)	Regulation and supervision of commodity markets	<p>We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)</p> <p>We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on <i>Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)</i>.</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the <i>report</i> published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: 2007</p> <p>Short description of the content of the legislation/ regulation/guideline: The regulatory framework ensures full compliance with IOSCO recommendations regarding enhanced market transparency in commodity markets. Since the 1990s all derivatives (both exchange-traded and over-the-counter -OTC) must be registered, and</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(New)					

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Law 10,303/2001 brought all derivatives contracts to CVM jurisdiction. Law 12,543/11 expressly states that non-registered contracts are not enforceable. Rule CVM 461/2007 grants the CVM powers to cancel trades that might be regarded as a breach of the law or as a violation of any rules in the organized market. The CVM only approves commodity derivatives contracts whose price reporting process of underlying assets follows a robust and verifiable methodology. Spot reference prices for settlement purposes are published daily by the Exchange (BM&FBovespa), and the price reporting methodology has received ISO 9001:2008 certification in 2011.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 (New)	Reform of financial benchmarks	We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will be deferred to the 2015 IMN survey given the ongoing policy work in this area, the reviews of interest rate and foreign exchange benchmarks during 2014, and the recent publication of IOSCO's Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (27)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	<p>Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD's update report including the Annex to the report on effective approaches to support the implementation of the High-level Principles based around the following three priority principles:</p> <ul style="list-style-type: none"> • <i>Disclosure and transparency</i> • <i>Responsible business conduct of financial services providers and their authorised agents</i> • <i>Complaints handling and redress</i> 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Establishment of a new department in Central Bank of Brazil, responsible for the conduct of business supervision, in order to verify compliance of financial institutions to regulation regarding the relationship with their clients.</p> <p>Promotion of financial education and awareness through the National Strategy for Financial Education (Estratégia Nacional de Educação Financeira - ENEF).</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p>	<p>Planned actions (if any): The National Congress is currently examining several projects proposing changes to the Consumer Protection Code (Código de Defesa do Consumidor – CDC), Law 8.078, of 11.9.1990, in particular the Senate Law Projects (Projetos de Lei do Senado - PLS) 281 and 283, both of 2012, covering the following aspects: 1) PLS 281/2012: - consumer protection in electronic marketplaces; - set of standards and procedures to be adopted when selling products and services through the internet or other distance communication means, without the simultaneous physical presence of the supplier and the consumer. 2) PLS 283/2012: - set of rules to prevent undesirable over indebtedness: - updates to the credit rules of conduct, in particular disclosure and transparency standards, responsible conducts and financial education incentives. The Central Bank of Brazil is currently carrying studies to establish a brand new set of rules classified as conduct of business regulation, to be observed by financial institution through the relationship with their clients, introducing in the country's jurisdiction the most recent international trends</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: 2010 Short description of the content of the legislation/ regulation/guideline: Brazil partially fulfils the High Level Principles on Financial Consumer Protection and is working on the improvement of its institutional framework for consumer protection. Responsibilities for this topic are currently shared between the BCB (the bank supervisor), the CVM (the securities regulator) and the Ministry of Justice (handling of consumers complaints). A national strategy for financial education was established by Decree 7,397/2010. For many years from now, the CMN, the BCB and the CVM have issued regulation aiming at the improvement of relationship with customers of financial services, including the following aspects: i) transparency (standardized disclosure of service fees and cost of loans, information on bank fees, rates and complaints on BCB's website); ii) suitability; iii) reduction of switching costs (mandatory availability of personal data, simplified transfer of loans, salary transfer to other banks free of charge); and iv) mandatory customer service (ombudsman). Transparency and	<p>related to that theme: e.g. reducing the exploitation of conflicts of interest in the process of selling financial products and services, in order to ensure they are suitable to the client's needs and interests. The new set of rules could also help the improvement of supervision process conducted by the Central Bank of Brazil's newest component, responsible for the conduct of business supervision.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>disclosure a) mains principles: - the financial institutions, through the process of providing financial products and services, must ensure, among other things: . adequacy of products and services offered and recommended to the needs, interests and objectives of their clients (suitability); . integrity, reliability, security and confidentiality of the transactions; authenticity of the operations agreed and the services provided; . provision of all information necessary for the decision-making process of clients; . opportune provision of contracts and documents related to operations and services; . use in contracts and other documents made available for the public of information written in clear, objective and adequate to the type and complexity of the operation or service; . right to portability: transferring wage payment, client data, in addition to loan and leasing operations to other financial institutions. b) specific rules: - standardization of fees names and descriptions related to the services more demanded by financial clients; - provision of pre-contractual information to clients, including: . Total Effective Cost (Custo Efetivo Total - CET) of credit and leasing operations, consisting of the annual percentage rate of charge, that takes into</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>consideration the interest rate, fees, taxes, insurances and other expenses related to the operation; . Total Effective Value (Valor Efetivo Total - VET) of foreign exchange, in local currency, by unit of the foreign currency, which should include the exchange rate, taxes and all fees charged; . standardized form consisting of the most relevant information related to checking or payment accounts; - transparency of credit operation's contracts, including the obligation to disclosure the charges expected through its regular course; - disclosure by the financial institutions, in all their branches and internet homepage, of information related to the services free-of-charge, fees, services bundles, benefits and reward programs of credit cards, among others; - transparency of credit card statements, including the obligation to disclosure a list of key information; - establishment of an ombudsman component by each financial institution, in order to act as a communication channel with their clients, including the mediation of conflicts.</p> <p>Highlight main developments since last year's survey: Specific updates on transparency and disclosure set of rules: - suitability rules, with particular focus on</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				payment institutions (Resolution CMN 4,283/2013); - portability of credit operations agreed with natural person (Resolution CMN 4,292/2013); - standardization of rules regarding the calculation of early repayment of credit and leasing operations (Resolution CMN 4,320/2013). Web-links to relevant documents:	

XII. Source of recommendations:

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

BCB: Central Bank of Brazil

CMN: National Monetary Council

Comef: Financial Stability Committee

Copom: Monetary Policy Committee

Coremec: Committee for Regulation and Supervision of Financial, Capital, Insurance, Pension Funds and Capitalization Markets

CVM: Securities and Exchange Commission of Brazil

SFN: National Financial System