

Jurisdiction: China

2018 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

- I. Hedge funds
- II. Securitisation
- III. Enhancing supervision
- IV. Building and implementing macroprudential frameworks and tools
- V. Improving oversight of credit rating agencies (CRAs)
- VI. Enhancing and aligning accounting standards
- VII. Enhancing risk management
- VIII. Strengthening deposit insurance
- IX. Safeguarding the integrity and efficiency of financial markets
- X. Enhancing financial consumer protection

List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 8 June 2018** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are only required to include information about main developments since last year's survey and future plans (if applicable) ("Update and next steps" table). New reforms to enhance the existing framework in that area should be described, but should not lead to a downgrade from implementation completed to ongoing. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website at around the time of the 2018 G20 Summit in Buenos Aires. The FSB Secretariat will contact member jurisdictions ahead of the Summit to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

II III IV V VI VII VIII IX X

1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.
(Seoul)

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)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I. Hedge funds

II III IV V VI VII VIII IX X

2. Establishment of international information sharing framework

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date

- ☐ Not applicable
- ☐ Applicable but no action envisaged at the moment
- ☒ Implementation ongoing
- ☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☒ Draft in preparation, expected publication by
- ☐ Draft published as of
- ☐ Final rule or legislation approved and will come into force on
- ☐ Final rule (for part of the reform) in force since

I. Hedge funds

II III IV V VI VII VIII IX X

2. Establishment of international information sharing framework

Progress to date

Issue is being addressed through

- ☒ Primary / Secondary legislation
☐ Regulation / Guidelines
☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(CSRC) The Interim Regulations for Administration of Private Funds was drafted by the CSRC and submitted for approval to the State Council on 10 January 2014. The legislative department of the State Council officially solicited opinions from the public in August 2017 and is actively facilitating this issue. The Regulation sets out high-level rules for the supervision of overseas private fund managers and maintaining effective regulatory cooperation with their home jurisdictions. The CSRC is a signatory to the IOSCO MMoU and signed bilateral MoUs for supervisory cooperation which are aligned with the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I. Hedge funds

II III IV V VI VII VIII IX X

2. Establishment of international information sharing framework

Update and next steps

Highlight **main developments since last year's survey**

Planned actions (if any) and expected commencement date

(CSRC) CSRC is actively facilitating the promulgation of the Interim Regulations for Administration of Private Funds by the State Council.

Relevant web-links

Web-links to relevant documents

I. Hedge funds

II III IV V VI VII VIII IX X

3. Enhancing counterparty risk management

G20/FSB Recommendations

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)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Remarks

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.

In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO [Report on Hedge Fund Oversight \(Jun 2009\)](#).

In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III capital requirements for counterparty risk, since it is [monitored separately](#) by the BCBS.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO [Objectives and Principles of Securities Regulation](#), and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☒ Implementation completed as of (CSRC) 2016: Measure

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

I. Hedge funds

II III IV V VI VII VIII IX X

3. Enhancing counterparty risk management

Progress to date

Issue is being addressed through

- ☒ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☒ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(CSRC) The Measures for the Supervision and Administration of Money Market Funds (MMFs) (CSRC Decree No. 120), which took effect on 1 February 2016, requires fund managers to establish and improve the control system for the MMFs, including enhancing counterparty risk management, reasonable distribution of maturity dates and concentration of counterparties in reverse repo transactions, as well as strengthening the control over the quality and maturity of the pledged assets.

The Measures on Securities Companies' Risk Control Indicators (CSRC Decree No. 125), which was revised on 16 June 2016 and took effect on 1 October 2016, as well as its supplemental rules, brings market risks and credit risks, including those associated with leveraged trading, into the supervisory oversight, and provides that securities companies' margin trading business with one single client (hedge fund included) shall not exceed 5% of the company's net capital. In November 2017, an inspection on the comprehensive risk management of 27 A-share listed securities companies was initiated. The inspection was conducted in the manner of a combination of direct inspections and local inspections, and it focused on whether the risk management ability and supporting measures of the securities companies met regulatory requirements.

The Tentative Measures on the Administration of Risk Control Indicators Regarding Subsidiaries of Fund Management Companies Conducting Client-Specific Asset Management Business (CSRC Announcement [2016] No. 30), which took effect on 15 December 2016, sets out requirements for a risk control indicator system centred on net capital, imposing higher risk coefficients for bond financing and reinvestment in order to urge subsidiaries of fund management companies conducting client-specific asset management business to enhance counterparty risk management including that derived from hedge funds.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I. Hedge funds

II III IV V VI VII VIII IX X

3. Enhancing counterparty risk management

Update and next steps

Highlight main developments since last year's survey

The Regulations on the Management of Liquidity Risks of Open-Ended Public Securities Investment Funds (CSRC Announcement [2017] No.12), which was promulgated on 1 September 2017, clearly requires mutual fund managers to enhance the counterparty risk management in reverse repo transactions, reasonably distribute maturity dates and diversify the counterparties of reverse repo transactions, conduct necessary due diligence investigations on the financial status, solvency and leverage ratio of counterparties in a “look-through” manner and impose strict access control on counterparties, as well as impose transaction quota control on different counterparties and make dynamic adjustments.

The Notice on Further Strengthening the Supervision over the Bond Transactions of Securities Fund Business Institutions (CSRC Office Notice [2017] No. 89), which was promulgated on 19 December 2017 as a supplemental document of the Notice on Regulating the Bond Transactions of Bond Market Participants drafted by the PBC, CBRC, CSRC and CIRC, promotes securities fund business institutions to enhance management and internal control, especially the control over key business units and persons on critical positions, improve the assessment of credit risks of counterparties, and prevent highly leveraged bond transactions and counterparty risks.

On 12 January 2018, the CSRC guided Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), China Securities Depository and Clearing Corporation Limited (CSDC) and the Securities Association of China (SAC) to revise two self-regulatory rules, the Measures on Stock-Pledged Repo Transactions and Depository and Clearing Businesses and the Guidelines for the Risk Management of Securities Companies' Participating in Stock-Pledged Repo Transactions, which took effect on 12 March 2018. Relevant self-regulatory rules further limit the scope, use of fund, depository of fund and threshold of financing of borrowers, substantially lead this business back to its origin to serve the real economy, prevent the counterparty default risks created by high-risk stocks and high proportion of pledge.

Planned actions (if any) and expected commencement date

(CSRC) The CSRC will keep promoting securities fund business institutions to realize relevant regulatory requirements, enhance comprehensive monitoring over all relevant businesses and substantially prevent counterparty risks.

Relevant web-links

Web-links to relevant documents

(CSRC) http://www.csrc.gov.cn/pub/zjhpublish/G00306201/201512/t20151218_288348.htm
http://www.csrc.gov.cn/pub/zjhpublish/G00306201/201606/t20160617_298995.htm
http://www.csrc.gov.cn/pub/zjhpublish/G00306201/201612/t20161202_307067.htm
http://www.csrc.gov.cn/pub/zjhpublish/zjh/201709/t20170901_322922.htm

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
4. Strengthening of regulatory and capital framework for monolines									

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I

II. Securitisation

III

IV

V

VI

VII

VIII

IX

X

5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

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 products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☒ Implementation completed as of 2005: The CBRC iss⁺

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
5. Strengthening of supervisory requirements or best practices for investment in structured products									

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☒ Regulation / Guidelines ☐ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (CSRC) The Tentative Rules on the Private Asset Management Business Operated by Securities and Futures Firms (CSRC Announcement [2016] No. 13), which took effect on 18 July 2016, provides that structured asset management products shall be designed based on the principle of “shared interest, shared risk, and matched risk and revenue”, prohibiting any guarantee for the holders of senior shares, setting different limits on the leverage ratio (senior shares / subordinated shares) on share, fixed income, mixed and other structured asset management products. The Rules to some degree limit the investment leverage ratio, enhance information disclosure, and prohibit products reinvest into certain subordinated shares of other structured financial products. The Notice on Further Strengthening over the OTC Options Business of Securities Companies (CSRC Office Notice [2018] No. 40), which was promulgated on 9 May 2018, provides several requirements including raising the threshold for investors’ access, establishing a mechanism of tiered dealers, strengthening the requirements for day-to-day supervision, enhancing dynamic monitoring and regulatory enforcement, in order to limit misconducts such as using OTC options to raise fund in a disguised form or conduct highly leveraged speculation. In order to realize the requirements in the PBC’s Guiding Opinions on Regulating the Asset Management Business of Financial Institutions, the CSRC is drafting the Measure Governing the Private Asset Management Business of Securities and Futures Firms, to regulate the private asset management business operated by securities companies, fund companies, futures firms and their subsidiaries in an integrated manner. The CSRC is facilitating relevant works and will solicit opinions from the public when appropriate. (CSRC) According to the two Notices on the securitization of PPP projects, the CSRC will enhance its cooperation with the MoF, PBC and NDRC, sufficiently utilize capital markets, actively promote eligible PPP projects to realize market-based financing through securitization, encourage PPP projects which are consistent with national development strategies to conduct securitization preferentially. Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE) and the Asset Management Association of China (AMAC) established fast tracks to accept, review and record applications, appoint special personnel for this work, and improved the efficiency of the review, listing and documentation of securitization products related with PPP projects prudently selected by the MoF and NDRC. The Notice on the securitization of housing lease clarifies the basic conditions to conduct securitization of housing lease, including: the property is completely constructed and has clear ownership, the quality and safety standards of the construction meet relevant requirements, the procedures of the registration and documentation of the housing lease are completely pursuant to relevant regulations; the property is managed normally and provides continuous and stable cash flow; the original shareholding company has sound governance and does not have significant violations against laws or regulations in the recent two years. The Notice also clarifies preferentially and intensively supported fields. The securitization of housing lease projects in big and medium-sized cities, regions intensively supported by national policies such as Xiong’an New Area and cities tentatively utilizing collective construction land to construct rental houses. In addition, the Notice improves the procedures of the securitization of housing lease, proposes to enhance the supervision and administration on the securitization of housing lease.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

I

II. Securitisation

III

IV

V

VI

VII

VIII

IX

X

5. Strengthening of supervisory requirements or best practices for investment in structured products

Update and next steps

Highlight **main developments since last year's survey**

(CSRC) The Notice on Further Strengthening over the OTC Options Business of Securities Companies (CSRC Office Notice [2018] No. 40), which was promulgated on 9 May 2018, provides several requirements including raising the threshold for investors' access, establishing a mechanism of tiered dealers, strengthening the requirements for day-to-day supervision, enhancing dynamic monitoring and regulatory enforcement, in order to limit misconducts such as using OTC options to raise fund in a disguised form or conduct highly leveraged speculation.

In order to realize the requirements in the PBC's Guiding Opinions on Regulating the Asset Management Business of Financial Institutions, the CSRC is drafting the Measure Governing the Private Asset Management Business of Securities and Futures Firms, to regulate the private asset management business operated by securities companies, fund companies, futures firms and their subsidiaries in an integrated manner. The CSRC is facilitating relevant works and will solicit opinions from the public when appropriate.

Planned actions (if any) and expected commencement date

(CSRC) The CSRC will keep promoting securities fund business institutions to realize relevant regulatory requirements, facilitate the promulgation of the Measures Governing the Private Asset Management Business of Securities and Futures Firms.

Relevant web-links

Web-links to relevant documents

(CSRC) http://www.csrc.gov.cn/pub/zjhpublish/G00306201/201607/t20160715_300835.htm
http://www.csrc.gov.cn/pub/newsite/gszqjgb/gzdtgszj/201702/t20170227_312739.html
http://www.csrc.gov.cn/pub/newsite/gszqjgb/gzdtgszj/201706/t20170627_319194.html
http://www.csrc.gov.cn/pub/newsite/zjhxwfb/xwdd/201804/t20180425_337309.html
(CBRC) http://www.cbrc.gov.cn/govView_FDE9B2BBC6D7482FA363C0754251572B.html
(CIRC) <http://www.circ.gov.cn/web/site0/tab5225/info224571.htm>



I

II. Securitisation

III

IV

V

VI

VII

VIII

IX

X

6. Enhanced disclosure of securitised products

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO's [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☒ Implementation completed as of February, 2008 (CBP)

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
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I

II. Securitisation

III

IV

V

VI

VII

VIII

IX

X

6. Enhanced disclosure of securitised products

Progress to date

Issue is being addressed through

- ☐ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☒ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(CSRC) The listing Guidelines for the Securitization of PPP Projects regulates the types of fundamental assets of PPP projects which are suitable for securitization (the rights to yields, assets and companies' equities of PPP Projects), and provides comprehensive regulations about the eligibility of all types of fundamental assets. Meanwhile, the Guidelines also lists the types of securitization projects encouraged. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure, the requirements for information disclosure of PPP projects with different types of fundamental assets in the listing phase, as well as the requirements for information disclosure during the existence of the projects.

The listing Guidelines for the Securitization of Enterprises' Account Receivables emphasizes the definition and scope of application of enterprises' account receivables, provides specific requirements for the conditions of eligible fundamental assets, the diversification of fundamental asset pools and the content of disclosure, clarifies the settlement mechanism for ineligible fundamental assets and the requirements for roll-over purchase, regulates the prediction, stress tests, collection and distribution of cash flows, as well as clarifies the requirements for risk retention and conditions of exemption of original shareholders and their affiliated parties, and lists the types of projects encouraged by policies. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure, clarifies the standards and disclosure requirements for product specifications, legal opinions, rating reports and other relevant documents, as well as provides specific arrangements for the content and timing of regular reports and preliminary reports with the consideration of the characteristics of fundamental assets.

The listing Guidelines for the Securitization of Financing Lease Debts emphasizes the definition and scope of application of financing lease debts, provides specific requirements for the conditions of eligible fundamental assets, the transfer of fundamental assets, the diversification of fundamental asset pools and the methods to conduct due diligence investigations, clarifies the requirements for special inspections and the settlement mechanism for ineligible fundamental assets, regulates the prediction, stress tests, collection and distribution of cash flows, as well as clarifies the requirements for risk retention and conditions of exemption of original shareholders and their affiliated parties, and lists the types of projects encouraged by policies. The Information Disclosure Guidelines regulates the responsible parties and channels of information disclosure, clarifies the standards and disclosure requirements for product specifications, legal opinions, rating reports and other relevant documents, as well as provides specific arrangements for the content and timing of regular reports and preliminary reports with the consideration of the characteristics of fundamental assets.

(CBIRC) 1. The former CBRC issued The China Banking Regulatory Commission Order No.3 [2005] to regulate information disclosure, safeguard the legal rights of investors, and ensure a smooth progress of the pilot asset-backed securities. 2. The former CBRC promulgated the CBRC Announcement No.23 [2008] to enhance the information disclosure. Other actions: (CBIRC) During the process of registration with the former CBRC, originators are required to enhance the disclosure of underlying assets, especially in the highly concentrated industries and important area.



If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
6. Enhanced disclosure of securitised products									

Update and next steps	
Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date

Relevant web-links	
Web-links to relevant documents	(CBIRC) http://www.cbirc.gov.cn/chinese/home/docDOC_ReadView/20080226A5FAF86C984988EAF85A4A4AF3C1F00.html (CSRC) http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggszq/zlgzzcfg/201801/t20180111_332370.html http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggszq/zlgzzcfg/201801/t20180111_332368.html http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggszq/zlgzzcfg/201801/t20180111_332372.html http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggszq/zlgzzcfg/201801/t20180111_332371.html http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggszq/zlgzzcfg/201802/t20180223_334394.html

I II

III. Enhancing supervision

IV

V

VI

VII

VIII

IX

X

7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are [monitored separately](#) by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIBs \(Jul 2013\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☒ Draft in preparation, expected publication by 31.12.2017 (PBOC)
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since January, 2013 (CBRC)

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
7. Consistent, consolidated supervision and regulation of SIFIs									

Progress to date	
Issue is being addressed through ☒ Primary / Secondary legislation ☒ Regulation / Guidelines ☒ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (CBIRC) 1. The former CBRC has initiated the comprehensive revision of the Commercial Banking Law according to the legislation plan of the National People's Congress. It shall plan to strengthen the corporate governance, consolidated supervision, and to restructure the resolution regime for the commercial banks. 2. The Capital Rules for Commercial Banks (provisional) became effective January 1, 2013. Five large banks are subject to 1% of RWA of surcharge. GSIBs should conform to GSIB surcharge as updated annually by FSB. 3. The Guidelines on Consolidated Banking Supervision has been modified in 2014. 4. The Guidelines on Information Disclosure of G-SIFIs' Assessment Indicator was issued in 2014. 5. The former CBRC has revised and published the Regulation on On-site Inspection on Dec, 10, 2015. The regulation indicates allocating the supervisory resources based on the institution's risk status and its influence on the financial market. 6. The former CBRC has revised and published the Regulation on Off-site Inspection on Feb, 6, 2016. The regulation emphasizes to implement the off-site supervision on the level of the entity and the group, and to specify the regulatory frequency based on the risk status and systematic importance of the entity and the group. 7. IAIS is now working on the regulatory framework for G-SII. The CBIRC establishes a special task force to follow the IAIS' instruction on implementing consolidated supervision and regulation of G-SII (China Ping An) now. For D-SII, CBIRC is working on designation criteria of D-SII and will learn from the practice of IAIS for D-SII regulation. Other actions: (CBIRC) 1. Cross-border cooperation: The CBIRC holds Supervisory College for each G-SIB in China every year. The CMGs for G-SIBs of BOC, ICBC, ABC and CCB in China have been established. The Cross-border Cooperation Agreements (COAGs) for BOC, ICBC, CCB and ABC have been signed. 2. RRP: The RRP for BOC, ICBC, ABC and CCB have been completed and reviewed by their CMGs. 3. RAP: Resolution assessments of BOC and ICBC have been completed and the results have been submitted to FSB. Resolution assessment of ABC has been completed in 2016. 4. Consolidated supervision: The CBIRC has been paying great attention to the consolidated supervision of G-SIBs in China. 5. Higher standards: Higher Regulatory Standards for Large Commercial Banks has been issued and implemented in 2016.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
7. Consistent, consolidated supervision and regulation of SIFIs									

Update and next steps	
Highlight main developments since last year's survey (CBIRC) 1. The CBIRC is participating in drafting the Supervisory Guidelines for the D-SIBs in China. 2. The RRP for BOC, ICBC and ABC have been updated and reviewed by CMG. 3. RAP of CCB has been completed, and RAP of ABC and CCB have been submitted to FSB. 4. COAGs of CCB have been signed. 5. The CBIRC continues to implement Higher Regulatory Standards for Large Commercial Banks. (PBOC-Financial Stability Bureau) The PBOC is now leading the work of establishing the D-SIFI policy framework in China, and the final guidance is expected to be published in 2018. The final guidance will prescribe the identification, regulation and resolution framework of the D-SIFIs, and introduce relevant macro-prudential powers to PBOC. After the publication of the final Guidance, the PBC will lead the development of the operational rules to ensure timely implementation of the D-SIFI policy framework.	Planned actions (if any) and expected commencement date (CBIRC) 1. The CBIRC will continue to enhance the intensity and efficiency of supervision of SIBs, improve the development of resolution regime, and strengthen the cross border supervision cooperation. 2. The CBIRC will continue to accomplish the overall supervisory legal framework and to expedite the legislation of resolution regime for SIFIs. 3. The CBIRC will participate in drafting the Supervisory Guidelines for the D-SIBs. 4. The RRP for BOC, ICBC, ABC and CCB will be updated and reviewed by their CMGs. 5. The resolvability assessment will be conducted and the templates would be provided to the FSB according to its related requirements. (PBOC-Financial Stability Bureau) The development of the final Guidance of the D-SIFI framework is at its last stage, and is expected to be completed in 2018.

Relevant web-links	
Web-links to relevant documents	(CBIRC) 1. http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/79B4B184117B47A59CB9C47D0C199341.html 2. http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/27E97E0235134CBDBD5AD4F5AD0A4D42.html 3. http://www.cbrc.gov.cn/govView_77141551F9C54B21A02BA36D4EF30FEF.html

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
8. Establishing supervisory colleges and conducting risk assessments									

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

I II

III. Enhancing supervision

IV

V

VI

VII

VIII

IX

X

9. Supervisory exchange of information and coordination

G20/FSB Recommendations

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)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

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.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
9. Supervisory exchange of information and coordination									

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☐ Regulation / Guidelines ☒ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (CBIRC) 1. The Banking Supervision Law provides that the CBIRC establishes supervisory information sharing mechanisms with the PBC and other domestic regulatory authorities and the CBIRC may establish supervisory cooperation mechanisms with supervisory authorities in other jurisdictions for cross border supervision purposes. The CBIRC maintains regular contacts with domestic and overseas supervisors to share information regarding supervised banking institutions and the CBIRC requires that such shared information should be used for supervisory purposes and should be treated as confidential. 2. The CBIRC has signed several bilateral MoUs with some jurisdiction authorities and similar arrangements will continue to be effective. 3. The CBIRC has attended several supervisory colleges for insurance companies. Other actions: (CBIRC) 1. By the end of December 2017, the CBIRC has signed MOUs on bilateral supervisory cooperation or other agreements with its foreign counterparts from 70 jurisdictions. 2. The former CBRC set up a cross-departmental work group to hold discussions with supervisory authorities of respective countries and implement results of high-level dialogues. In addition, the former CBRC actively participated in high-level bilateral and multilateral meetings. 3. The former CBRC strengthened coordination with the host regulatory authorities for overseas Chinese banks. 4. The former CBRC participates in more than ten global or regional supervisory colleges as host supervisor authorities annually, and conference calls and exchanges of letters among college members are more frequent. Particularly, the former CBRC sets up bilateral working level reciprocal visit mechanisms with some home supervisory authorities and holds supervisory meeting regularly to exchange respective concerns.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
9. Supervisory exchange of information and coordination									

Update and next steps	
Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date (CBIRC) The CBIRC will continuously improve the cross-border supervisory cooperation framework, including supervisory colleges. 2. The CBIRC will enhance the information sharing framework that depends on multilateral cooperation and satisfies confidentiality requirements. 3. The CBIRC will boost the effectiveness of supervisory cooperation in such areas as coordinated risk assessments and recovery and resolution plans.

Relevant web-links	
Web-links to relevant documents	

I II

III. Enhancing supervision

IV

V

VI

VII

VIII

IX

X

10. Strengthening resources and effective supervision

G20/FSB Recommendations

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)

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)

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)

Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

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☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
10. Strengthening resources and effective supervision									

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☐ Regulation / Guidelines ☐ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions 1. The IAIS is now working on the regulatory framework for G-SIIs. The CIRC establishes a special task force to follow the IAIS' instruction on implementing consolidated supervision and regulation of G-SIIs (China Ping An) now. For D-SIIs, CIRC is working on designation criteria of D-SIIs, which will be completed in 2017, and will learn from the practice of IAIS for D-SII regulation. 2. RRP: The RRP for BOC, ICBC, ABC and CCB have been completed and reviewed by their CMGs. 3. RAP: Resolution assessments of BOC and ICBC have been completed and the results have been submitted to FSB. Resolution assessment of ABC has been completed in 2016. 4. Consolidated supervision: The CBIRC have been paying great attention to the consolidated supervision of G-SIBs in China. 5. By the end of December 2017, the CBRC has signed MOUs on bilateral supervisory cooperation or other agreements with its foreign counterparts from 70 jurisdictions. 6. The former CBRC set up a cross-departmental work group to hold discussions with supervisory authorities of respective countries and implement results of high-level dialogues. In addition, the former CBRC actively participated in high-level bilateral and multilateral meetings. 7. The former CBRC strengthened coordination with the host regulatory authorities for overseas Chinese banks.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
10. Strengthening resources and effective supervision									

Update and next steps	
Highlight main developments since last year's survey (CBRC) 1. The CBIRC is participating in drafting the Supervisory Guidelines for the D-SIBs in China. 2. The RRP for BOC, ICBC and ABC have been updated and reviewed by CMG 3. RAP of ABC has been completed, and RAP of ABC and CCB has been submitted to FSB. 4. COAGs of CCB have been signed. 5. The CBIRC continues to implement Higher Regulatory Standards for Large Commercial Banks (PBC) PBC is leading the work of establishing the D-SIFI policy framework in China, and the final guidance is expected to be published in 2018. The final guidance will prescribe the identification, regulation and resolution framework of the D-SIFIs, and introduce relevant macro-prudential powers to the PBC. After the publication of the final Guidance, the PBC will lead the development of the operational rules to ensure timely implementation of the D-SIFI policy framework	Planned actions (if any) and expected commencement date (CBRC) 1. The CBIRC will continue to enhance the intensity and efficiency of supervision of SIBs, improve the development of resolution regime, and strengthen the cross-border supervision cooperation. 2. The CBIRC will continue to accomplish the overall supervisory legal framework and to expedite the legislation of resolution regime for SIFIs. 3. The CBIRC will participate in drafting the Supervisory Guidelines for the D-SIBs. 4. The RRP for BOC, ICBC, ABC and CCB will be updated and reviewed by their CMGs. 5. The resolvability assessment will be conducted and the templates would be provided to the FSB according to its related requirements 6. The CBIRC will enhance the information sharing framework that depends on multilateral cooperation and satisfies confidentiality requirements. 7. The CBIRC will boost the effectiveness of supervisory cooperation in such areas as coordinated risk assessments and recovery and resolution plans. 
Relevant web-links	
Web-links to relevant documents	

I II III

IV. Building and implementing macroprudential frameworks and tools

V

VI

VII

VIII

IX

X

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

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)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

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(CBRC) 1. Macroprud

I

II

III

IV. Building and implementing macroprudential frameworks and tools

V

VI

VII

VIII

IX

X

11. Establishing regulatory framework for macro-prudential oversight

Progress to date

Issue is being addressed through

- ☐ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☒ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(Financial Stability Bureau) 1. Monitoring and assessment of systemic risks. The PBC has been publishing China Financial Stability Report annually, monitoring the risks across sectors, markets and the border, analyzing emerging risks and vulnerabilities in the financial system, and carrying out the on-site assessment of financial institutions and financial stability stress tests. 2. Enhancing the resolution regime of G-SIFIs. BOC, ICBC, ABC, CCB and Ping An Insurance (Group) Company have been designated as G-SIFIs. All of them have established CMGs, developed or renewed their RRP annually in accordance with the requirement of the FSB.

(CBIRC) 1. Since 2006, the former CBRC held quarterly meetings with the board and senior management of major banks, sharing analyses of changing economic and financial conditions as well as views on inherent financial risks. 2. The former CBRC addresses macro-prudential issues with a variety of corrective and sanctioning powers including but not limited to warning, recommendations, prudential tools, powers of direction etc. the relevant department uses an appropriate range of techniques and tools to implement the supervisory approach and deploys adequate supervisory resources on a proportionate basis, taking into account the risk profile and systemic importance of banks.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

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II

III

IV. Building and implementing macroprudential frameworks and tools

V

VI

VII

VIII

IX

X

11. Establishing regulatory framework for macro-prudential oversight

Update and next steps

Highlight **main developments since last year's survey**

(Monetary Policy Department) The PBC has officially upgraded the dynamic reserve adjustment mechanism to a macro-prudential assessment (MPA) system since 2016 and included off-balance-sheet wealth management businesses in the broad credit indicators of the MPA since 2017.

(PBOC-Financial Stability Bureau) 1. The institutional arrangement of financial regulation is being reformed. In order to guarantee the sound operation of the financial system, the Financial Stability and Development Council (FSDC), composed of certain financial management authorities, was established in 2017. The administrative office of the FSDC is established in the PBOC. In addition, the CBRC and CIRC are consolidated to establish a new regulatory authority, CBIRC, to carry out the micro-prudential regulation to the banking and insurance sector. The duty of development of important laws, regulations and essential prudential regulatory framework for the banking and insurance sectors is now handed over to the PBOC from the previous CBRC and CIRC. 2. In order to contain the shadow banking risks, the PBC, together with other authorities, released the Guidelines on Standardizing Asset Management Business of Financial Institutions in April 2018, which develops unified regulatory standards for varieties of asset management products, enforce fair market access and regulation, and minimize the room for regulatory arbitrage.

Planned actions (if any) and expected commencement date

(Monetary Policy Department) Macro-prudential policy framework will be enhanced to play more important role in guarding against counter-cyclical, cross-market and cross-sector systemic financial risks. In view of the changes in economic and financial development, we may consider extending the coverage of macroprudential policy framework to more financial institutions, major financial markets and cross-border capital flows. We will strengthen planning and coordination, reform and improve the financial regulatory framework so that it adapts to development in modern financial markets.

(Financial Stability Bureau) The PBC will further strengthen the assessment and monitoring framework of systemic risks, enhance the regulatory coordination among relevant authorities, and keep on improving the resolution regime of SIFIs.

Relevant web-links

Web-links to relevant documents

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3215090/index.html> <http://www.pbc.gov.cn/zhengcehuobisi/125207/125227/125957/index.html>

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II

III

IV. Building and implementing macroprudential frameworks and tools

V

VI

VII

VIII

IX

X

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

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)

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)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

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☒ Final rule (for part of the reform) in force since (CBIRC) 1. The form

I

II

III

IV. Building and implementing macroprudential frameworks and tools

V

VI

VII

VIII

IX

X

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date

Issue is being addressed through

- ☐ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☒ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(Monetary Policy Department) 1. On January 11, 2017, the PBC issued Notice on Matters concerning the Macro-Prudential Management on Full-Covered Cross-Border Financing in All Currencies (PBC Document [2017]No.9), and further improved the policy framework. 2. On September 8, 2017, the PBC issued Notice on Adjusting the Policies for Foreign Exchange Risk Reserves (PBC Document [2017]No.207), and decided that the foreign exchange risk reserve ratio should be zero as of September 11, 2017. 3. On September 8, 2017, the PBC decided to abolish the policy of penetration management on the deposit reserves of RMB deposits of overseas financial institutions in domestic financial institutions.

(Financial Stability Bureau) The PBC continuously strengthens and improves systemic risk monitoring and assessment. In 2017, the PBC continued to publish China Financial Stability Report, and carried out the financial stability stress tests and on-site resilience assessment on financial institutions.

(CBIRC) 1. The Guideline on Comprehensive Risk Management of Banking Institutions was published in September 2016.

2. Banking systemic risk warning system was upgraded in 2016. More indicators assessing systemic risk are included in the new system, such as the proportion of interbank assets/ liabilities in total assets/ liabilities, the growth of receivable investments.

3. CBIRC will work jointly with PBC and other authorities on system-wide monitoring and macro-prudential instruments.

Other actions: 1. CBIRC keeps strengthening the systemic risks warning system framework. 2. CBIRC has made great efforts to improve stress tests, implementing both bottom-up and top-down regular stress tests.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I II III

IV. Building and implementing macroprudential frameworks and tools

V VI VII VIII IX X

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

Highlight main developments since last year's survey

(Monetary Policy Department) 1. On January 11, 2017, the PBC further improved the policy framework of macro-prudential management on cross-border financing in all currencies. 2. In September, 2017, the PBC adjusted the foreign exchange risk reserve ratio to zero. 3. In September, 2017, the PBC decided to abolish the policy of penetration management on the deposit reserves of RMB deposits of overseas financial institutions in domestic financial institutions.

(CBRC) 1. The Guidelines on Comprehensive Risk Management of Banking Institutions was published in September 2016. 2. Banking systemic risk warning system was upgraded in 2016. More indicators assessing systemic risk are included in the new system, such as the proportion of interbank assets/liabilities in total assets/liabilities, the growth of receivable investments, etc.

(PBC-Financial Stability Bureau) In December 2017, the PBC established the financial institution rating mechanism. The mechanism focus on assessing the capital management, capital quality, liquidity, interconnectedness, cross-border activities and the compliance with the macro-prudential requirement of the financial institutions. The rating approach is a mixture of quantitative modelling and expertise judgement, the result of which could be used in decision of deposit insurance premium, MPA, use of monetary policy tools, etc.

Planned actions (if any) and expected commencement date

(Monetary Policy Department) Macro-prudential policy framework will be enhanced and improved in countercyclical, cross-market, and cross-sector aspects, to effectively prevent and mitigate systemic financial risks, maintain financial stability, and safeguard the bottom line of preventing systemic and regional financial risks. The PBC will properly conduct macro-prudential assessment, guide commercial banks to enhance liquidity and asset-liability management, guide the reasonable growth of monetary credit and social financing, strengthen systemic financial risk-prevention measures, and improve the efficiency of financial services for the real economy.

(Financial Stability Bureau) The PBC will further strengthen the assessment and monitoring of systemic risks, continue to conduct financial stability stress tests, improve the regular risk monitoring and assessment system of banking, securities and insurance sectors, and enhance the on-site assessment on the soundness of financial institutions, the refine the newly established rating mechanism.

(CBIRC) 1. PBC and CBIRC will cooperate to conduct supervisory top-down stress tests for major banking institutions +

Relevant web-links

Web-links to relevant documents

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3215090/index.html>

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3055696/index.html>

<http://www.pbc.gov.cn/zhengcehuobisi/125207/125227/125957/index.html>

I II III IV

V. Improving oversight of credit rating agencies (CRAs)

VI VII VIII IX X

13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

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)

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Remarks

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:

- [Code of Conduct Fundamentals for Credit Rating Agencies \(Mar 2015\)](#) (including on governance, training and risk management)

Jurisdictions may also refer to the following IOSCO documents:

- Principle 22 of [Principles and Objectives of Securities Regulation \(Jun 2010\)](#) which calls for registration and oversight programs for CRAs
- [Statement of Principles Regarding the Activities of Credit Rating Agencies \(Sep 2003\)](#)
- [Final Report on Supervisory Colleges for Credit Rating Agencies \(Jul 2013\)](#)

Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☒ Implementation completed as of December 2017

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

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	I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
13. Enhancing regulation and supervision of CRAs										

Progress to date	
Issue is being addressed through ☒ Primary / Secondary legislation ☒ Regulation / Guidelines ☒ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (Financial Market Department) 1. According to Article 12 in the Notice of Opening-Up on the Credit Rating Industry (Notice of the PBoC [2017] No.7), regulators should avoid the use of external credit rating in regulations and rules, agencies should properly use external credit rating results, strengthen internal credit rating system construction, and reduce the reliance to external credit rating. 2. Hold joint ministry commission for corporate bond and reconfirm the consensus of reducing the reliance on credit rating. (CSRC) The Securities Law provides that all CRAs conducting credit rating services in the securities markets shall obtain approval by State Council's securities regulatory commission and other responsible authorities; where any CRA formulates and issues credit rating reports for the issuance, listing and trading of securities, it shall be diligent and responsible by carrying out examination and verification for the authenticity, accuracy, and integrity of the contents of the documents formulated and generated. In the case of any false records, misleading statements or major omission in the documents formulated and issued, which incurs losses to any other person, the CRA shall bear the joint liability with the issuer and listed company, except it can prove the absence of fault. In August 2007, CSRC issued the Interim Measures for the Administration of the Credit Rating Business in the Securities Market, which clarifies requirements for licensing and business rules of credit rating agencies. On March 19, 2012, the Securities Association of China (SAC) issued the Code of Conduct of Credit Rating Agencies in Securities-related Businesses, and has exercised self-regulation over credit rating agencies ever since. (CIRC) Standard 15 Credit Rating of Insurance Companies of China Risk Oriented Solvency System provides enhanced supervision of CRAs. Other actions: (CSRC) Previously, the CSRC completed four on-site inspections on securities credit rating agencies, imposing 26 administrative regulatory measures on 6 persons and 20 institutions. The approach of "promoting compliance through inspection, promoting development through compliance" is forming gradually. Currently, the Department of Corporate Bond Supervision is organizing the fifth (2018) on-site inspection on securities credit rating agencies. It will continue improving the supervision over securities credit rating agencies pursuant to laws and regulations, following the approach of enhancing supervision in process and afterwards.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

	I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
13. Enhancing regulation and supervision of CRAs										

Update and next steps	
Highlight main developments since last year's survey (CSRC) First, the CSRC approved the applications for credit rating businesses (Investor Pay Model) from 2 CRAs. Second, the CSRC improved the bond supervision system, which strengthened our supervision over CRAs. (Financial Market Department) In July 2017, the PBOC released the Notice of Opening-Up on the Credit Rating Industry (Notice of the PBoC [2017] No.7) that credit rating agencies are allowed to conduct business after registration.	Planned actions (if any) and expected commencement date (CSRC) The CSRC will conduct regular on-site inspections on securities credit rating agencies in the future. (Financial Market Department) To enhance uniform regulation and supervision of CRAs, the PBC and CSRC have drafted relevant notice about CRAs and will be released by the end of this year.

Relevant web-links	
Web-links to relevant documents	(Financial Market Department) http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3337553/index.htm (CSRC) http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/bmgzjgfwj/201507/P020150714620614538459.pdf http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201507/P020150707551566093046.pdf http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201507/P020150707563183908822.pdf (CIRC) http://www.circ.gov.cn/web/site0/tab5225/info3951923.htm http://www.csrc.gov.cn/pub/newsite/gszqjgb/zcfggyszq/zlgzzcfg/201507/P020150707563183908822.pdf

I II III IV

V. Improving oversight of credit rating agencies (CRAs)

VI VII VIII IX X

14. Reducing the reliance on ratings

G20/FSB Recommendations

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)

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)

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)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

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)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☒ Final rule (for part of the reform) in force since November 2015 (NAF)

	I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
14. Reducing the reliance on ratings										

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☒ Regulation / Guidelines ☒ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (CIRC) One regulation was issued in 2009 to require insurance companies to set internal rating system to reduce reliance on CRAs. Other actions: (Financial Market Department) 1. Hold joint ministry commission for corporate bond and reconfirm the consensus of reducing the reliance on credit ratings. 2. With no credit rating requirement for the pilot program of panda bond issuance (Financial Market Department) 1. According to Article 12 in the Notice of Opening-Up on the Credit Rating Industry (Notice of the PBoC [2017] No.7), regulators should avoid the use of external credit rating in regulations and rules, agencies should properly use external credit rating results, strengthen internal credit rating system construction, and reduce the reliance to external credit rating. 2. Hold joint ministry commission for corporate bond and reconfirm the consensus of reducing the reliance on credit rating.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

	I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
14. Reducing the reliance on ratings										

Update and next steps	
Highlight main developments since last year's survey (CSRC) 1. Weaken the role of rating in private bond issuing. In supervising private bond issuing, CSRC continue to weaken the role of credit rating, and has canceled the credit rating requirements for private bond issuing in recent years. 2. Emphasize internal rating conducted by institutional investors..During bond issuing, the external credit rating is not the only criteria for the bond quality. We encourage institutional investors to conduct internal rating. 3. Propel the credit rating business to become more market-oriented and diverse. We encourage credit rating conducted by multiple agencies, and bring the market force into full play in the credit rating business. 4. Strengthen the supervision over credit rating. We conduct research on the credit rating quality examination methodology using bond spread, enhance the supervision over credit rating business, and improve the external control mechanism which is market oriented. (Financial Market Department) It is required in Article 12 in the Notice of Opening-Up on the Credit Rating Industry (Notice of the PBoC [2017] No.7), regulators should avoid the use of external credit rating in regulations and rules, agencies should properly use external credit rating results, strengthen internal credit rating system construction, and reduce the reliance to external credit rating.	Planned actions (if any) and expected commencement date (CBRC) The credit risk RWA framework will be updated following the finalisation of BCBS' rules on credit risk SA is postponed.

Relevant web-links	
Web-links to relevant documents	(CIRC) http://www.circ.gov.cn/web/site0/tab5225/info97646.htm (Financial Market Department) http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3337553/index.htm

I II III IV V

VI. Enhancing and aligning accounting standards

VII VIII IX X

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

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/Analysis-of-the-G20-IFRS-profiles.aspx>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☒ Implementation completed as of January 2007

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

	I	II	III	IV	V	VI. Enhancing and aligning accounting standards					VII	VIII	IX	X
15. Consistent application of high-quality accounting standards														

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☒ Regulation / Guidelines ☐ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (MOF) The MOF has issued the revised accounting standards on Revenue (ASBE 14), Government Grants (ASBE 16), Financial Instruments: Recognition and Measurement (ASBE 22), Transfer of Financial Assets (ASBE 23), Hedging Accounting (ASBE 23), Presentation and Disclosure of Financial Instruments (ASBE 37), and Exposure Draft on Non-current Assets Held for Sale and Discontinued Operations (ASBE 42) in 2017. The above standards are substantially converged with the relevant IFRSs issued by IASB. The MOF has issued the Exposure Draft of revised accounting standards on Leases (ASBE 21). In 2018. The MOF will also follow up the development of IFRSs and carry out relevant outreach and research of Insurance Contract and other relevant ASBEs. (CSRC) China's Accounting Standards for Business Enterprises (ASBEs), promulgated by the Ministry of Finance (MoF) in 2006, has converged with the IFRSs. It has been applied effectively by all listed companies, large state-owned enterprises and part of unlisted financial firms since 1 January 2007. Scope of application is increasing and has covered all medium and large-sized enterprises. The MoF published 8 newly enacted or amended accounting standards in 2014, including standards regarding long-term equity investment, achieving full convergence with the IFRS.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

	I	II	III	IV	V	VI. Enhancing and aligning accounting standards	VII	VIII	IX	X
15. Consistent application of high-quality accounting standards										

Update and next steps	
Highlight main developments since last year's survey (CSRC) To realize ongoing convergence with the IFRS, the MoF released on 6 April 2017 three accounting standards including No. 22 of ASBEs – Recognition and Measurement for Financial Instruments (Revised), No. 23 of ASBEs – Transfer of Financial Assets and No. 24 of ASBEs – Hedge Accounting. On 15 May 2017, the MoF issued No. 37 of ASBEs – Financial Instruments Listing (Revised). On 17 May 2017, the MoF issued No. 42 of ASBEs- Noncurrent Assets and Disposal Group Held for Sale and Discontinued Operations. On 25 May 2017, the MoF issued No. 16 of ASBEs – Government Subsidy (Revised). On 19 July 2017, the MoF issued No.14 of ASBEs – Revenue (Revised). In addition, to solve recent problems on the implementation of the accounting standards, the MoF issued on 21 June 2017 four accounting standard interpretations including No. 9 of ASBEs Interpretation – Accounting Treatment of Net Investment Losses by the Equity Method, No. 10 of ASBEs Interpretation – Depreciation Methods on the Basis of the Income Arising from the Use of Fixed Assets, No. 11 of ASBEs Interpretation – Amortization Methods on the Basis of the Income Arising from the Use of Intangible Assets and No. 12 of ASBEs Interpretation – Whether the Provider and the Recipient of Key Management Personnel Services are Affiliated Parties.	Planned actions (if any) and expected commencement date (MOF) In 2018. The MOF will also follow up the development of IFSRs and carry out relevant outreach and research of Insurance Contract and other relevant ASBEs. (CSRC) The CSRC will review the implementation of the aforementioned new accounting standards and relevant regulations and solve problems on their implementation in a timely manner.

Relevant web-links	
Web-links to relevant documents	http://kjs.mof.gov.cn/zhengwuxinxi/gongzuotongzhi/201512/t20151223_1627721. (CSRC) http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201704/t20170406_2575699.html http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201704/t20170406_2575702.html http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201704/t20170406_2575705.html http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170515_2600144.html http://kjs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170516_2601445.html

I II III IV V VI

VII. Enhancing risk management

VIII IX X

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

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)

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)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☒ Final rule (for part of the reform) in force since (CBIRC)

I	II	III	IV	V	VI	VII. Enhancing risk management				VIII	IX	X
16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks												

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☒ Regulation / Guidelines ☒ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (SAFE) The PBC and the SAFE are responsible for macro-prudential administration of external debt. All banks and enterprises are allowed to borrow certain amount of external debt based on their Tier 1 capital or net assets. Meanwhile, foreign-invested banks are allowed to choose the former practices of controlling their outstanding balance within the external debt quota approved by the SAFE before January 2018, the foreign-invested enterprises are allowed to choose to control their outstanding external debt within “the difference between the total amount of investment for the project and the registered capital”. The foreign exchange administration regarding the fulfilment of cross-border guarantee provided by domestic banks is under their own foreign exchange purchase and sale management. Approval of SAFE is required for the settlement of foreign currency cross-border borrowing by banks (YinFa[2017] No.9). (CBIRC) The CBIRC issued a series of documents, including: 1. Guidelines on Corporate Governance; 2. Guidelines on Internal Controls; 3. The Capital Rules of Commercial Banks; 4. Guidelines on Corporate Group Lending Risk Management; 5. Rules on Exposures to Shareholders and Other Related Parties; 6. Guidelines on Due Diligence in the Credit Extension by Commercial Banks; 7. Guidelines on Risk-Based Loan Classification; 8. Rules on Liquidity Risk Management of Commercial Banks; 9. Guidelines on Country Risk Management of Commercial Banks; 10. Guidelines on Market Risk Management; 11. Guidelines on Interest Rate Risk Management in Banking Book; 12. Guidelines on Operational Risk Management of Commercial Banks; 13. Guidelines on Reputation Risk Management; 14. Guidelines for the Stress Testing of Commercial Banks; 15. Guidelines on Consolidated Management and Supervision of Commercial Banks; 16. Rules on LCR Disclosure of Commercial Banks; 17. Guidelines on Internal Audit of Commercial Banks? 18.Guidelines on Comprehensive Risk Management of financial institutions; Other actions: (CBIRC) According to various supervisory rules and guidelines, the CBIRC assesses and reviews banks' corporate governance, risk management, and internal controls through on-site examinations and off-site surveillance, and supervisory measures will be taken if deficiencies are identified. (Financial Stability Bureau) From 2011, PBC started to organize major commercial banks to conduct financial stability stress test every year. This year's financial stability stress test, based on the end-2017 balance sheet data of selected commercial banks, is now ongoing, and the results will be published in the China Financial Stability Report 2018.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

I	II	III	IV	V	VI	VII. Enhancing risk management			VIII	IX	X
16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks											

Update and next steps	
Highlight main developments since last year's survey (CBIRC) 1. The former CBRC has published Guidelines on collateral management of commercial banks 2. The CBIRC has published the revised Rules on Liquidity Management of Commercial Banks in 2018, which includes the NSFR requirements. 3. The CBIRC has published the Guidelines on Commercial Bank's Interest Rate Risk in the Banking Book (revised). 4. The CBIRC has published Regulation on Large Exposures for Commercial Banks 5. The CBIRC has published the Rules on Joint Credit Issuance of Banking Financial Institutions (provisional).	Planned actions (if any) and expected commencement date (CBIRC) 1. The CBIRC will draft NFSR disclosure requirements in 2018 2. The CBIRC will continue to draft the Guidelines on off-balance-sheet business risk management of commercial banks in 2018.

Relevant web-links	
Web-links to relevant documents	(CBIRC) 1. http://www.cbrc.gov.cn/21hinese/home/docDOC_ReadView/ECAE0309171448FDB18421AD0B63912D.html 2. http://www.cbrc.gov.cn/21hinese/newShouDoc/8189EEE949DB48F8993ACCCA638ED24B.html 3. http://www.cbrc.gov.cn/21hinese/newShouDoc/E4071088458C4943A86D04B25AA9CAFA.html 4. http://www.cbrc.gov.cn/21hinese/newShouDoc/338115BD0E6C43AAA979221670632DC5.html 5. http://www.cbrc.gov.cn/21hinese/newShouDoc/69F1A0A6BC254C45A9BACFA91DB3AA0F.html

I II III IV V VI

VII. Enhancing risk management

VIII IX X

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

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)

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)

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 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 \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☒ Final rule (for part of the reform) in force since (CBIRC) 1. The form

I II III IV V VI

VII. Enhancing risk management

VIII IX X

17. Enhanced risk disclosures by financial institutions

Progress to date

Issue is being addressed through

- ☐ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☒ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(CBIRC) 1. The former CBRC issued Rules on Information Disclosure of Commercial Banks in 2007, setting out the general requirements on information disclosure for commercial banks

2. The former CBRC raised supervisory requirements on information disclosure of commercial banks' capital composition and leverage ratio.

3. The former CBRC issued the Guidelines on Information Disclosure of G-SIFIs' Assessment Indicator in 2014.

4. The former CBRC has published Rules on LCR Disclosure of Commercial Banks in the end of 2015, to enhance the capacity of commercial banks' liquidity risk management.

5. In China Risk Oriented Solvency System, the former CIRC requires insurers to provide risk disclosure in their reporting and to the public including solvency status and operation situation.

6. The CBIRC has launched the Second Phase of C-ROSS construction, including improving the disclosure requirement to enhance transparency.

Other actions: (CBIRC) Financial institutions are encouraged to share information including but not limited to the content of the supervisory requirements.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

	I	II	III	IV	V	VI	VII. Enhancing risk management	VIII	IX	X
17. Enhanced risk disclosures by financial institutions										

Update and next steps	
Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date (CBIRC) The CBIRC will implement the pillar 3 stage 1 and stage 2 disclosure framework set out by BCBS in due course.

Relevant web-links	
Web-links to relevant documents	(CBIRC) 1.http://www.cbrc.gov.cn/chinese/files/2013/39FECDE76C424AA1B8D81375D63FA4DF.pdf 2.http://www.cbrc.gov.cn/chinese/home/docView/5E453E74F3F0468CB05F535B82466704.html 3.http://www.cbrc.gov.cn/chinese/home/docDOC_ReadView/8E3CF3075E99400EB95B58AE186448CE.html

I II III IV V VI VII

VIII. Strengthening deposit insurance

IX X

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

	I	II	III	IV	V	VI	VII	VIII. Strengthening deposit insurance	IX	X
18. Strengthening of national deposit insurance arrangements										

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☒ Regulation / Guidelines ☐ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions (Financial Stability Bureau) Since the enactment of Deposit Insurance Regulations in 2015, the deposit insurance system has been established in China. Currently, the PBC is responsible for the implementation of the deposit insurance system. In the starting period, all the eligible deposit-taking financial institutions has become the insured and submitted the premiums twice a year to accumulate the deposit insurance fund.	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

	I	II	III	IV	V	VI	VII	VIII. Strengthening deposit insurance				IX	X
18. Strengthening of national deposit insurance arrangements													

Update and next steps	
Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date (Financial Stability Bureau) The PBC is planning to issue more guidelines on exercising the prompt corrective actions and utilizing the deposit insurance fund to deal with problem and failed insured financial institutions. The PBC is also planning more awareness programs to promote the public's correct understanding in deposit insurance.

Relevant web-links	
Web-links to relevant documents	

I II III IV V VI VII VIII

IX. Safeguarding the integrity and efficiency of financial markets

X

19. Enhancing market integrity and efficiency

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date

- ☒ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

(CSRC) Currently, possibilities of the prevalence of high frequency trading in China are still low. Some relatively active high frequency traders are mostly trading in the futures markets. The reasons are as follow: first, due to the T+1 settlement cycle in the A-share market, intraday trading is not allowed. Second, the frequency of the update of market quotes is one time in every three seconds, which largely limits the speed of trading. Third, investors need to pay stamp duties, exchanges' handling charges and securities supervision fees, so the profit margin of high frequency trading is relatively limited. Article 39 of the Securities Law provides that “stocks, corporate bonds and other securities offered publicly pursuant to law shall be traded on lawfully incorporated securities exchanges or transferred on other securities trading venues approved by the State Council”. This actually excludes the possibility that stocks are traded in alternative trading venues which are similar with dark pools in the U.S. and Europe.

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since

I	II	III	IV	V	VI	VII	VIII	IX. Safeguarding the integrity and efficiency of financial markets				X
19. Enhancing market integrity and efficiency												

Progress to date	
Issue is being addressed through ☐ Primary / Secondary legislation ☐ Regulation / Guidelines ☐ Other actions (such as supervisory actions) Short description of the content of the legislation/regulation/guideline/other actions	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

I	II	III	IV	V	VI	VII	VIII	IX. Safeguarding the integrity and efficiency of financial markets			X
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19. Enhancing market integrity and efficiency

Update and next steps

Highlight main developments since last year's survey

Planned actions (if any) and expected commencement date

(CSRC) CSRC will, depending on the need of innovation and development of the market, closely monitor the applications of innovative trading methods, including high frequency trading and dark pool trading, on China's markets, and improve regulation on a timely basis.

Relevant web-links

Web-links to relevant documents

I II III IV V VI VII VIII

IX. Safeguarding the integrity and efficiency of financial markets

X

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

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)

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)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☐ Implementation ongoing
☒ Implementation completed as of (CSRC)The State Com+

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☐ Draft in preparation, expected publication by
☐ Draft published as of
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☐ Final rule (for part of the reform) in force since

I II III IV V VI VII VIII

IX. Safeguarding the integrity and efficiency of financial markets

X

20. Regulation and supervision of commodity markets

Progress to date

Issue is being addressed through

- ☒ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(CSRC) The Regulations for the Administration of Futures Trading provides that: illegal activities including fraud, insider trading and manipulation are prohibited in futures trading; futures exchanges shall institutionalize risk management systems including margins depositing, daily mark to market settlement, price limits, position limits, large holder reporting and risk reserves. Futures exchanges shall release information including futures trading turnover, prices, open interests, highest and lowest prices, opening and closing and other applicable real-time quotes in a timely manner.

Pursuant to the Regulations for the Administration of Futures Trading, the CSRC issued the Measures for the Administration of Futures Exchanges. The Measures emphasizes position limits, large holder reporting system and risk reserves system, and provides for punitive measures for members or clients who violate relevant regulations and rules. In the meantime, according to the Measures, futures exchanges shall release information including real-time quotes, ranking of turnover value and open interests, number of standardized warehouse receipts and remaining warehouse capacity in a proper manner; futures exchanges shall also prepare and release weekly, monthly and yearly reports of trading information in a timely manner.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I	II	III	IV	V	VI	VII	VIII	IX. Safeguarding the integrity and efficiency of financial markets			X
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20. Regulation and supervision of commodity markets

Update and next steps	
Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date

Relevant web-links	
Web-links to relevant documents	(CSRC) http://www.gov.cn/flfg/2012-11/05/content_2257826.htm http://www.gov.cn/flfg/2007-04/13/content_581639.htm

I	II	III	IV	V	VI	VII	VIII	IX. Safeguarding the integrity and efficiency of financial markets	X
21. Reform of financial benchmarks									

G20/FSB Recommendations

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 continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO *Principles for Financial Benchmarks*.

I II III IV V VI VII VIII IX

X. Enhancing financial consumer protection

22. Enhancing financial consumer protection

G20/FSB Recommendations

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)

Remarks

Jurisdictions should describe progress toward implementation of the OECD's [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may also refer to OECD's [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date

- ☐ Not applicable
☐ Applicable but no action envisaged at the moment
☒ Implementation ongoing
☐ Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- ☒ Draft in preparation, expected publication by (CBRC) 2017.12
☐ Draft published as of
☐ Final rule or legislation approved and will come into force on
☐ Final rule (for part of the reform) in force since (CBRC) 2016.10

I II III IV V VI VII VIII IX

X. Enhancing financial consumer protection

22. Enhancing financial consumer protection

Progress to date

Issue is being addressed through

- ☐ Primary / Secondary legislation
- ☒ Regulation / Guidelines
- ☒ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

(PBOC) Implementation Measures for the Protection of Financial Consumer Rights and Interests of PBC regulates the behaviour of financial institutions to provide financial products and services, maintains a fair and just market environment, and protects the legitimate rights and interests of financial consumers according to law.

CBIRC

1. The CBIRC takes consumer protection as a high priority.
2. The former CIRC issued several regulations and guidelines on consumer education and dispute handling system
3. In 2016, the former CIRC, jointly with the Supreme People's Court, issued a Notice to comprehensively promote the Bridging System of Litigation and Mediation for insurance dispute.
4. In 2017, the former CIRC issued the Interim Method on Traceability of Insurance Sales Behaviour and the Opinions on Strengthening Risk Warning of Insurance Consumption, and signed an MOU with NDRC, PBC and other government departments on Jointly Implementing Disciplinary Measures Against Subjects Responsible for Breaching of Trust in Insurance Sector.
5. In 2017, the former CBRC released Interim Rules for the Administration of Equipping Audio and Visual Recordings at Sales Zones by Banking Financial Institutions, Work Rules for the Expert Committee on Banking Consumer Protection and Work Rules for the Conduct Regulation Committee on Financial Transactions. The Interim Rules requires that banking financial institutions in China should set up specific sales zones for their internal wealth management products as well as product consignment activities, and do audio and visual recordings for these sales processes from beginning to the end, so as to regulate sales conduct in the banking market for the sale of banking consumer protection. The two Work Rules emphasize the importance of expertise input and social surveillance in order to enhance the work of banking consumer protection in China.

Other actions: (CBIRC) 1. The former CBRC finished the annual evaluation on the performance of consumer protection work by banking financial institutions. 2.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I II III IV V VI VII VIII IX

X. Enhancing financial consumer protection

22. Enhancing financial consumer protection

Update and next steps

Highlight main developments since last year's survey

(PBOC) In 2017, the PBOC is exploring to carry out the annual evaluation on the performance of consumer protection of financial institutions which include banking financial institutions, payment institutions and other financial institutions. Through evaluation, PBOC guides the financial institutions to regulate the provision of financial products and services, and effectively protect the legitimate rights and interests of financial consumers.

(CBIRC) 1. The former CBRC organized and implemented the self-examination and supervision of the system and mechanism of the consumer protection in the national banking financial institutions in 2017, which is aimed at urging them to make the consumer protection merge with the management and development strategy of the institutions.

2. From March to May, 2017, the former CBRC conducted on-site examination on 1314 banking financial institutions nationwide (all levels and categories of banking financial institutions were covered), to see if they had already equipped audio and visual recordings at the sales zone in accordance with the supervisory requirements. Among the financial institutions examined, 96.42% were rated as "qualified". Based on the hardware examination in 2017, the CBIRC went one step further in April 2018 and launched on-site examinations on the software elements- the compliance in banks' conduct in selling their internal wealth management products and products in consignment. The on-site examinations are conducted on a selective basis, while covering all levels and categories of banking institutions in China. The nationwide examination is expected to end by October 2018.

3. The former CBRC finished the 2016 annual evaluation on the performance of consumer protection work by banking financial institutions and published the outcome for the 2016 evaluation report. Recently, the former CBRC has finished the 2017 annual evaluation and the outcome for 2017 evaluation will be published shortly.

4. The former CBRC has finished the research report on the third-party dispute resolution in China, based on the study on the pilot projects. Based on the recommendation of the report, CBIRC will draft a principle or guideline for the third-party dispute.

Planned actions (if any) and expected commencement date

1. The CBIRC plans to introduce a guidance, which is expected to finish in November 2018, to strengthen the construction of the system and mechanism of the consumer protection of banking financial institutions, guiding institutions to gradually build and improve the long-term mechanism for the protection of the rights and interests of consumers.

2. The CBIRC is promoting banking financial institutions to strengthen their own publicity work, to formulate long-term planning and short-term arrangements according to their own circumstances aiming at improving the consumers' financial knowledge and capability.

3. The CBIRC plans to draft supervisory guidelines and send risk-warnings to banks based on the major issues identified through on-site examinations on sales conduct. These plans are expected to commence in November 2018.

4. The CBIRC is currently working together with PBC in drafting the Statistical Classification and Coding of Financial Consumer Complaints for Banking Institutions, in order to strengthen the analysis of financial consumer complaints.

Relevant web-links

Web-links to relevant documents

<http://www.circ.gov.cn/web/site0/tab5225/info3969126.htm>
<http://www.circ.gov.cn/web/site0/tab5225/info4050406.htm>
http://www.gov.cn/xinwen/2017-07/10/content_5209278.htm
http://www.gov.cn/xinwen/2017-09/13/content_5224744.htm
http://www.ndrc.gov.cn/zcfb/zcfbtz/201708/t20170830_859400.html

I	II	III	IV	V	VI	VII	VIII	IX	X	List of abbreviations used

ABC: China Agricultural Bank ASBEs: China's Accounting Standards for Business Enterprises BOC: Bank of China BOCOM: Bank of Communication CBRC: China Banking Regulatory Commission CCB: China Construction Bank CCRC: China Credit Rating Company CIRC: China Insurance Regulatory Commission CSRS: China Securities Regulatory Commission DDRRR: dynamic adjustment of the differentiated reserve requirement ratio DIS: deposit insurance system ICBC: Industrial and Commercial Bank of China LTV: loan to value ratio MOF: the Ministry of Finance NAFMII: National Association of Financial Market Institutional Investors NDRC: the National Development and Reform Commission PBC: the People's Bank of China PRC: the People's Republic of China SAC: Securities Association of China SAFE: State Administration of Foreign Exchange

Sources of recommendations

- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)
- [Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)
- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [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 \(1 November 2012\)](#)