FSB FINANCIAL STABILITY BOARD

# Jurisdiction-specific summaries on implementation of the FSB Policy Framework

The following is a set of jurisdiction-specific summaries on implementation of the FSB Policy Framework. The summaries present the extent to which organisational arrangements and related efforts by FSB jurisdictions to address shadow banking risks in recent years contribute to the implementation of each of the four overarching principles of the Policy Framework.

The information presented is drawn from each jurisdiction's submission to the FSB shadow banking peer review and to the 2015 monitoring and information-sharing exercises. See Annex A for the abbreviations of financial authorities in FSB jurisdictions.

As noted in this report, the 2015 information-sharing exercise revealed different approaches and some inconsistencies in classification of entities into economic functions among jurisdictions. Annex C describes the main inconsistencies in classification that arose during the exercise and the approach taken to address them. As a result, the data and information presented in the following jurisdiction-specific summaries is not strictly comparable across jurisdictions.

In addition, it should be noted that the 2015 exercise took a conservative approach of including entity types in the narrow measure of shadow banking for all jurisdictions if the activities associated with non-bank credit intermediation could give rise to shadow banking risks in at least one jurisdiction. The FSB's Global Shadow Banking Monitoring Report 2015 notes that this activity-based 'narrow measure' may overestimate the degree to which non-bank credit intermediation gives rise to systemic risks.

The growth rates shown in the jurisdiction-specific summaries represent the compound annual nominal growth rate from end-2010 to end-2014. Growth rates were calculated from US$ figures and may therefore also reflect shifts in exchange rates. For calculating the share (in terms of GDP) of the financial assets of financial institutions, OFI sector and entities classified into shadow banking, the local currency GDP figures found in the IMF's World Economic Outlook were converted into US$ figures using the exchange rate provided by participating jurisdictions as part of the information-sharing exercise. Figures and percentages have been rounded off to the nearest integer except where the relevant figure/percentage was less than 0.5, in which case the actual figure has been shown.

(Source: Annex I, Thematic Review on the Implementation of the FSB Policy Framework for Shadow Banking Entities)

# Argentina

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 0.4 | 76 | 7 |
| OFIs | 0.03 | 6 | 21 |
| Of which: Shadow banking | 0.03 | 6 | 22 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.s.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CNV | Prudential regulator | Mutual funds |
| EF2 | BCRA(*) | Central bank | Mutual societies, cooperatives, credit cards "closed system", leasing and factoring companies |
| EF3 | - | - | *No entity classified* |
| EF4 | BCRA | Central bank | Mutual guarantee societies |
| EF5 | CNV | Prudential regulator | Financial trusts |

*(*)* Credit cards and leasing and factoring companies only.

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | - |
| **EF1 (FI funds)** | - |
| **EF2** | - |
| **EF3** | *No entities classified* |
| **EF4** | Capital requirements, Restrictions on scale and scope of business, Enhanced risk management to capture tail events |
| **EF5** | - |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • The central bank is implicitly responsible for financial stability. Some NBFEs not subject to formal regulation – mutual guarantee societies come under the purview of BCRA but are not subject to specific regulation; financial trusts come under the purview of the Ministry of Industry.<br>• Shadow banking assets assessed not to pose a challenge to financial stability for now. BCRA, in coordination with CNV and SSN, has the capacity to identify, measure and mitigate any systemic risk that may arise. In this regard, BCRA took on additional powers in 2016.<br>• Coordination among authorities for to monitor and assess shadow banking risks, formalised through MOUs. |
| OP2 | • BCRA regularly collects information on micro-prudential as well as systemic matters, which is shared with local authorities.<br>• Insufficient information to calculate risks metrics in the FSB 2015 info-sharing exercise. No specific plans to improve data availability. In some cases, data is not collected as the authorities do not see the entities undertaking shadow banking activities.<br>• Cooperation with foreign regulators is achieved through MoUs. |
| OP3 | • No specific public disclosure requirements for non-bank financial entities; reliability of statistical information to date a challenge in the jurisdiction.<br>• BCRA publishes regular reports on financial stability, including a half-yearly Financial Stability Report, monthly reports on banks and other institutional releases where it discloses a wide set of financial indicators and their methodological notes.<br>• Authorities expect that the new powers of the Ministry of Finance and BCRA would help advance transparency and public disclosure of information. |
| OP4 | • BCRA coordinates Argentina's participation in the information-sharing exercise.<br>• EF classification conducted, entities classified into EFs 1, 2, 4 and 5. Risk mapping was not done.<br>• Policy tools not reported except for EF4. |

# Australia

| Sector size and growth | | | |
|---|---|---|---|
| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
| Financial institutions | 6 | 429 | 2 |
| OFIs | 1 | 64 | -1 |
| Of which: Shadow banking | 0.4 | 27 | -3 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | ASIC | Securities regulator | Hedge funds, mortgage trusts; other funds; money market, funds (cash management trusts) |
| EF2 | ASIC | Securities regulator | Finance companies |
| EF3 | ASIC | Securities regulator | Money market corporations (broker dealers) |
| EF4 | APRA | Prudential regulator | Lenders mortgage insurers |
| EF5 | ASIC<br>APRA | Securities regulator<br>Prudential regulator | Structured finance vehicles |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Suspension of Redemptions (*); Limits on investment in illiquid assets (*)<br>***Other tools:*** General statutory duty of fund manager to act in best interest of fund are offered to retail investors/ internal controls |
| **EF1 (FI funds)** | Suspension of Redemptions (*); Limits on investment in illiquid assets (*)<br>***Other tools:*** General statutory duty of fund manager to act in best interest of fund are offered to retail investors/ internal controls. |
| **EF2** | Restrictions on types of liabilities (**)<br>***Other tools***: No direct requirements for capital requirements, liquidity buffers, and leverage limits but finance companies offering retail debentures must make disclosures against specified benchmarks. |
| **EF3** | Liquidity requirements, Capital requirements, Restrictions on use of client assets |
| **EF4** | Capital Requirements, Restrictions on scale and scope of business, Enhanced risk management practices to capture tail events |
| **EF5** | Restrictions on maturity / liquidity transformation; Restrictions on exposures to or funding from banks / OFIs (***) |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Only for funds open to retail investors; (**) For retail debentures issued by finance companies only; (***) Banks must hold capital against exposures to structured finance vehicles

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • The Council of Financial Regulators (CFR), comprising representatives from APRA, ASIC, RBA and the Australian Treasury, is the main coordinating body for discussing financial stability issues and advising the Government on the adequacy of the regulatory and supervisory perimeter. It established a working group tasked with reviewing the application of the FSB's Policy Framework in Australia.<br>• As prudential regulator, APRA monitors the risks from banks' relationships with NBFEs. ASIC oversees conduct and disclosure regulation of all financial products available to retail investors and a licencing regime for all financial service providers involved with those financial products. However, wholesale funds mostly fall outside the scope of ASIC's regulation. Although not having a mandate for systemic stability, in its role as a financial services regulator ASIC performs analysis of the systemic risk of certain sectors, such as hedge funds, and of other sectors on a more ad-hoc basis (e.g. money market corporations). RBA monitors and assesses financial stability risks posed by NBFEs and activities; it also coordinates an annual update to CFR on developments and risks in the shadow banking sector. |
| OP2 | • The Australian Bureau of Statistics (ABS) collects data on investment funds and securitisation vehicles; ASIC collects survey-based information on hedge funds; APRA collects data on finance companies, money market corporations and insurers. APRA has the legal power, in certain circumstances, to collect data from financial entities outside the regulatory perimeter.<br>• The RBA regularly analyses data on NBFEs at an aggregate level as part of its financial stability assessment process and the annual shadow banking update to the CFR. ASIC has undertaken periodic in-depth reviews of certain types of shadow banking entities.<br>• There exist data gaps in relevant risk metrics for investment funds, mainly due to lack of fund-type level data. Data gaps were also observed for entities classified under EF2 and EF5.<br>• Domestic information sharing occurs through the CFR process, or bilaterally between agencies under existing MoUs. Legislative provisions mostly allow authorities to share confidential information with each other. The authorities are able to share aggregated information on shadow banking risks with overseas counterparts, but entity-level information can generally only be shared for prescribed purposes. RBA is working to bolster its legal protection for sharing confidential information with Treasury and international organisations. |
| OP3 | • Required entity-level public disclosures by NBFEs are mostly targeted at retail investors and not directly focused on facilitating the assessment of shadow banking risks.<br>• RBA publishes its analysis of systemic risk in the non-bank financial sector in its semi-annual Financial Stability Review. ASIC publishes ad-hoc reviews on certain shadow banking sectors that it has completed. ABS and RBA also regularly publish aggregated balance sheet data on segments of the non-bank financial sector. |
| OP4 | • RBA led the classification of NBFEs into economic functions (EFs), with inputs from ASIC and APRA. The EF classification framework has been incorporated into the RBA's annual shadow banking update to the CFR. Risk mapping was completed.<br>• Some policy tools available for entities classified into EFs; in the case of entities classified into EF1, these tools are available only for funds open to retail investor. There are no plans to expand existing policy tools. |

# Brazil

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 5 | 228 | -0.2 |
| OFIs | 1 | 60 | -1 |
| Of which: Shadow banking | 1 | 33 | 2 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CVM | Securities regulator | Referenced investment funds; Fixed income investment funds; Multimarket investment funds |
| EF2 | CMN<br>BCB | Prudential regulator,<br>Central bank | Finance companies |
| EF3 | CMN<br>BCB | Prudential regulator,<br>Central bank | Broker dealers |
| EF4 | SUSEP | Other | Insurance and re-insurance companies |
| EF5 | CVM | Securities regulator | Receivables investment funds |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | - |
| **EF1 (FI funds)** | Redemption Gates (*), Suspension of Redemptions, Redemption Fees/ restrictions (D); Limits on asset concentration, Limits on leverage (**)<br>***Other tools***: Liquidity risk management requirements with the same practical results of side pockets and liquidity buffers |
| **EF2** | Bank equivalent prudential requirements; Capital Requirements; Liquidity buffers; Limits on large exposures; Restrictions on types of liabilities (***) |
| **EF3** | Bank equivalent prudential requirements; Capital Requirements; Liquidity requirements; Restrictions on use of client assets |
| **EF4** | Capital requirements; Restrictions on scale and scope of business; Liquidity buffers; Mandatory risk sharing between insurer and insured(****) |
| **EF5** | Restrictions on exposures to or funding from banks / other financial entities |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Only in the context of suspension of redemption. (**)Investment funds cannot lend or borrow money. Nonetheless, they are allowed to leverage through repos, securities lending and derivatives, always within the boundaries of issuers and of the type of assets in accordance with their portfolio composition rules. Referenced Investment Funds can only have derivatives for hedging purposes. (***) .For leasing companies only. (****) For insurance companies only.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • The National Monetary Council (CMN) has a formal mandate for financial stability in Brazil. The BCB is a member of the CMN; CVM participates in meetings with no voting rights.<br>• All financial entities as legally defined in Brazil are regulated by a federal agency. Any gaps identified in the regulatory perimeter can be addressed through a formal legal process.<br>• Coordination among the regulatory bodies is achieved through the COREMEC, an advisory body established under law. |
| OP2 | • The primary source of data for the authorities is regulatory returns, with BCB and CVM having powers to collect *ad-hoc* data from regulated entities as necessary. Data collected is analysed for risks on a systematic basis.<br>• Some recent enhancements to data collected from mutual funds (CVM) and the reporting of fixed-income investments held by open-end private funds (Susep) have been effected. No further enhancements are currently being planned.<br>• There were gaps in the risk metrics data submitted to the 2015 information-sharing exercise.<br>• Authorities exchange information based on bilateral agreements. A multilateral agreement between COREMEC members with the objective of monitoring stability issues is being planned. |
| OP3 | • Data, including risk data, about entities classified under EF1 and EF5 are published on CVM's website. EF2 and EF3 entities are subject to the same disclosure requirements as applicable to banks. Semi-annual financial statements of EF4 entities are published with some financial information available on the SUSEP website.<br>• No changes to the disclosure requirements by entities supervised by BCB or SUSEP are being planned. The CVM is considering whether further information related to the investment funds (e.g. stress testing, sensitivity analysis) can be published. |
| OP4 | • CVM coordinates Brazil's participation in the information-sharing exercise.<br>• EF classification conducted. Entities not classified were not seen to give rise to shadow banking risks, or are still under assessment but make up a small percentage of total financial assets.<br>• Risk mapping was completed.<br>• All entities classified in EFs are regulated with the relevant policy tools adopted. Several policy tools from the FSB Policy Toolkit available for entities classified into EFs. |

# Canada

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 9 | 523 | 4 |
| OFIs | 2 | 147 | 5 |
| Of which: Shadow banking | 1 | 58 | 8 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CSA jurisdictions | Provincial/ Territorial securities regulators | Fixed income funds; hedge funds; alternative funds; property funds; money market funds; convertible bond funds; physical ETFs; cash collateral reinvestment programmes |
| EF2 | CSA jurisdictions | Provincial/ Territorial securities regulators | Finance companies; Non-prudentially regulated FIs that originate mortgages; Mortgage investment corporations (MICs) |
| EF3 | IIROC | Other | Broker-dealers |
| EF4 | OSFI<br>MOF | Prudential supervisor<br>Other | Private mortgage insurers |
| EF5 | CSA jurisdictions<br>CHMC *(NHA MBS only)* | Provincial/ Territorial securities regulators<br>Other | ABCP; NHA MBS issued by non-prudentially regulated FIs; Synthetic ETFs |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | ***Other tools:*** General statutory duty of investment fund manager to act in best interest of fund; internal control and system requirements for investment funds managers. |
| **EF1 (FI funds)** | Suspension of Redemptions (D), Redemption Fees/ restrictions (D) Limits on investment in illiquid assets, Limits on asset concentration, Limits on leverage, Restrictions on maturity of assets(*) |
| **EF2** | Leverage limits (MICs only), Restrictions on types of liabilities (MICs only)<br>***Other tools***: Market conduct regulations (finance companies), licensing, market conduct and public disclosure requirements (Non-prudentially regulated FIs that originate mortgages); Disclosure requirements (MICs) |
| **EF3** | Liquidity requirements, Capital requirements, Restrictions on use of client assets<br>***Other tools:*** Early warning system; insurance requirements |
| **EF4** | Capital Requirements, Restrictions on scale and scope of business, Enhanced risk management practices to capture tail events |
| **EF5** | Restrictions on maturity / liquidity transformation (except ABCP and synthetic/leveraged ETFs); Restrictions on exposures to or funding from banks / OFIs (only synthetic / leveraged ETFs)<br>***Other tools:*** Short Term Debt Prospectus Exemption and certain other retail-focused prospectus exemptions unavailable for short-term securitized products including ABCP |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) For securities lending and repurchase transactions.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • Institutional arrangements for regulation of NBFEs are a mix of national and provincial authorities; some NBFEs are not prudentially regulated; a new Capital Markets Regulatory Authority has been proposed.<br>• Coordination arrangements exist for monitoring and assessing financial stability risks posed by NBFE, although not specific to NBFEs. The proposed Capital Markets Regulatory Authority will have powers to monitor and assess risks.<br>• The federal government reviews the regulatory framework every 5 years through legislative review of statutes that govern federally regulated financial institutions, and can act if needed in interim; securities regulators have rule-making powers in extraordinary circumstances or when there is a public interest concern. |
| OP2 | • Data sources to collect information about shadow banking risks are regulatory reporting, statistics, commercial databases, and voluntary surveys of market participants.<br>• Regular and *ad-hoc* analysis of collected information, part of which is made public. Identified challenge is the lack of legal mandate for OSFI to collect data from non-federally regulated financial institutions.<br>• Gaps in availability of data to calculate most risk metrics for assessing SB risks, especially for entities in EF1 and EF3.<br>• Availability of data highlighted as challenge in participating in the information-sharing exercise. More data will be made available and additional quantitative metrics will be developed. The use of market intelligence will be increased.<br>• Formal channels for sharing of data between securities regulators and non-securities financial regulators yet to be established. |
| OP3 | • Disclosures by NBFEs focus on investor information; entities such as hedge funds and private MICs are not subject to any disclosure requirements. No changes in disclosure requirements currently planned.<br>• Authorities disclose various types of information such as statistics, information about the result of their reviews, regular reports and articles. No changes are planned at this time. |
| OP4 | • EF classification conducted; risk mapping completed. Availability and collection of data highlighted as challenges in participating in the information-sharing exercise.<br>• Availability of policy tools, especially for investment funds and finance companies, is limited but no additional tools are deemed to be currently necessary. Some tools not in the FSB Policy toolkit available. |

# China

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 38 | 370 | 18 |
| OFIs | 3 | 29 | 40 |
| Of which: Shadow banking | 3 | 26 | 53 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CBRC | Banking regulator | Collective trusts, MMFs, fixed income funds, other funds (*) |
| EF2 | - | - | *No entities classified* |
| EF3 | - | - | *No entities classified* |
| EF4 | - | - | *No entities classified* |
| EF5 | - | - | *No entities classified* |

(*) The Chinese authorities did not agree with the classification of certain entity types as shadow banking. The 2015 Global Shadow Bank Monitoring Report showed a narrow measure of China's shadow banking sector based on OFIs that are involved in credit intermediation.

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | - |
| **EF1 (FI funds)** | - |
| **EF1 (collective trust companies)** | Limits on leverage; Restrictions on maturity of portfolio assets |
| **EF2** | *No entities classified* |
| **EF3** | *No entities classified* |
| **EF4** | *No entities classified* |
| **EF5** | *No entities classified* |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • CBRC is responsible for regulation/supervision of trust companies and wealth management products (WMPs) offered by commercial banks. The response to the peer review questionnaire did not indicate whether and how other authorities regulate/supervise other NBFEs.<br>• CBRC monitors and assesses financial stability risks associated with trust companies. No information was provided regarding the involvement of other authorities in the monitoring and assessment of financial stability risks from NBFEs. Inter-agency financial coordination meetings, led by the State Council, discuss financial stability issues, including those relating to NBFEs.<br>• MoU signed between CBRC, CSRC and CIRC on cooperation and information-sharing in relation to supervisory matters.<br>• Chinese authorities did not elaborate on the process for reviewing the regulatory perimeter. |
| OP2 | • CBRC requires trust companies to regularly submit financial statements and other information regarding business operations. CBRC obtains data on bank-sponsored WMPs from WMP business statements and from the China Banking Wealth Management Information Registration System. CBRC is planning to enhance its IT systems to automate the collection and aggregation of data on trust companies, which is currently a largely manual process.<br>• The Trust Institution Supervisory Department of the CBRC regularly monitors developments and risks within the trust industry and WMPs on the basis of information obtained from regulatory reports.<br>• Risk metrics data was provided for collective trust products only, but were insufficient to calculate any of the risk metrics related to maturity and liquidity transformation. |
| OP3 | • Required public disclosures of trust companies and bank WMPs are mainly focused on investor information (nature of the investment, fees, returns etc.) rather than specifically addressing shadow banking risks. The CBRC is revising its disclosure requirements for bank WMPs to clarify the nature, frequency and timeliness of the information that must be disclosed.<br>• The China Trustee Association (CTA), an industry body, publishes statistics on the trust industry quarterly and a report on the performance and risk profile of the industry annually.<br>• The CBRC publishes an annual report on the performance and supervisory actions in the trust industry and semi-annual reports on banks' wealth management businesses. |
| OP4 | • The CBRC responded to the FSB information-sharing exercise, focusing on entities under its regulatory purview. It is not clear to what extent other Chinese authorities were involved in the process.<br>• Economic function classification was conducted; entities were classified only under EF1.<br>• Risk mapping was completed.<br>• Restrictions on leverage and maturity transformation of trust companies are in place, along with restrictions on asset composition of bank WMPs. Other policy tools in the FSB Policy Framework for controlling shadow banking risks posed by EF1 entities are not available.<br>• The CBRC indicated that it is researching improved liquidity risk indicators for trust companies. |

# France

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 16 | 622 | 1 |
| OFIs | 2.5 | 96 | -3 |
| Of which: Shadow banking | 1.6 | 61 | -5 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | AMF | Securities regulator | Hedge funds; Bond funds; Mixed funds; Money market funds; Other funds |
| EF2 | - | - | *No entities classified* |
| EF3 | AMF<br>ACPR | Securities regulator<br>Prudential regulator | Investment firms |
| EF4 | - | - | *No entities classified* |
| EF5 | AMF<br>ACPR | Securities regulator<br>Prudential regulator | Securitisation |

**Available policy tools**

| | |
|---|---|
| **EF1 (AIFs)** | Redemption Gates (*)(D), Suspension of Redemptions , Redemption Fees/ restrictions (D); Side pockets (D); Limits on investment in illiquid assets (**); Limits on asset concentration; Limits on leverage ; Restrictions on maturity of assets(***)<br>***Other tools***: Swing pricing and anti-dilution levy; lock up period; redemptions in kind (***) |
| **EF1 (UCITS)** | Suspension of Redemptions, Redemption Fees/ restrictions (D); Side pockets (D); Limits on investment in illiquid assets; Limits on asset concentration; Limits on leverage ; Restrictions on maturity of assets (****)<br>***Other tools: S****wing pricing and ant-dilution levy* |
| **EF2** | ***No entity classified*** |
| **EF3** | Bank-equivalent prudential regulatory regimes; Liquidity requirements; Capital Requirements; Restrictions on use of client assets |
| **EF4** | ***No entity classified*** |
| **EF5** | Restrictions on maturity liquidity transformation<br>***Other tools***: Restrictions on the sale of securities issued / shares of SPVs; regulatory reporting requirements. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Only for real estate collective investment undertakings; and to other funds to the extent that underlying assets are illiquid. (**) For certain categories of AIFs defined at the national level. (***) Generally used for tax purposes. Specific provisions exist in case of private equity funds. In some cases, redemptions in kind may be permitted only as part of the liquidation process and is subject to investors' approval. (****) For MMFs only.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • BdF and HCSF, the French macroprudential authority, are in charge of ensuring financial stability. The ACPR is also mandated with preserving the stability of the financial system. Each supervisory authority is responsible for identifying risks within its remit and can share concerns with other authorities via HCSF. HCSF ensures a close coordination between relevant authorities.<br>• All financial entities providing financial services in France are regulated. The regulatory and supervisory perimeter is reviewed and updated through informal discussions as part of day-to-day supervision and monitoring. |
| OP2 | • Monitoring of entities and analysis of information about shadow banking risks is split between AMF (EF1 and EF5) and the BdF and ACPR (EF2, EF3 and EF4). The BdF collects data on the shadow banking sector.<br>• The BdF monitors systemic risks linked with shadow banking activities on a continuous basis. This is supplemented by other analyses on developments on financial stability risks from shadow banking entities by the BdF, ACPR and the AMF.<br>• Gaps in availability of risks metrics data were observed for EF1, EF3 and EF5; risk metrics data not required to be reported for other EFs. Data availability is expected to improve in the future (e.g. due to new regulation entering into force such as the Securities Financing Transactions Regulation).<br>• The HCSF facilitates cooperation and exchange of information between its member institutions. BdF, ACPR and AMF meet on a monthly basis in order to discuss common regulatory issues. Cross-border exchange of information on shadow banking risks takes place through the involvement of the AMF in various EU and international working groups. |
| OP3 | • Non-bank entities are subject to relevant disclosure and transparency requirements for current and prospective investors.<br>• One of the aims of the EU regulation on key information documents for packaged retail and insurance-based investment products is to help investors understand risks of different products.<br>• In terms of disclosures by authorities, HCSF issued its first annual report in June 2015 which includes a review of the French shadow banking system; quarterly press releases are also issued. BdF and ACPR carry out a bi-annual risk assessment exercise and disclose its results. BdF also publishes shadow banking data and studies. AMF publishes its annual risk outlook and multiple *ad hoc* studies. |
| OP4 | • Each competent authority classifies into economic functions those entities that fall under its remit, with HCSF ensuring coordination between the authorities in risk assessment. EF classification was done. No entities were classified into EF2 and EF4 because relevant entities were either consolidated into banking groups or covered by Solvency II. Risk mapping was completed.<br>• Policy tools for entities classified into EFs include some tools from the FSB toolkit, with additional tools for entities in EF1 and EF 5. Appropriateness of any tools is assessed as part of monitoring and supervision. In addition, HCSF can impose more stringent capital requirements to investment firms (other than asset managers) that are shadow banking entities. The HCSF evaluates efficiency of policy tools adopted by verifying *ex-post* that the measure had the desired effect. |

# Germany

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 15 | 430 | -1 |
| OFIs | 3 | 81 | 4 |
| Of which: Shadow banking | 3 | 73 | 4 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | BaFin | Prudential / securities regulator | Hedge funds; Real estate funds; (except REITs); Money market funds; Bond funds; ETFs; Other funds (including mixed funds) |
| EF2 | BaFin | Prudential regulator / securities | Financial leasing companies; Factoring companies |
| | Bundesbank | Central bank | |
| EF3 | BaFin | Prudential / securities regulator | Broker dealers (Investment firms) |
| | Bundesbank | Central bank | |
| EF4 | - | - | *No entities classified* |
| EF5 | BaFin | Prudential / securities regulator | Financial vehicle corporations |
| | Bundesbank | Central bank | |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Suspension of Redemptions; Redemption fees / restrictions (D); Limits on investment in illiquid securities; Liquidity buffers; Limits on asset concentration; Limits on leverage (D)<br>***Other tools***: Limits on short selling |
| **EF1 (FI funds)** | Suspension of redemptions (D); Redemption gates(*); Redemption fees / restrictions (D); Limits on investment in illiquid securities; Limits on asset concentration(**); Limits on leverage; Restrictions on maturity of portfolio assets(***) |
| **EF2** | Bank equivalent prudential regulation (****); Capital requirements (****); Liquidity buffers (****); Limits on leverage (****); Restrictions on types of liabilities<br>***Other tools:*** Comprehensive organisational requirements |
| **EF3** | Bank-equivalent prudential regulatory regimes; Liquidity requirements; Capital requirements; Restrictions on use of client assets<br>***Other tools:*** Business conduct rules |
| **EF4** | ***No entity classified*** |
| **EF5** | Restrictions on maturity liquidity transformation; Restrictions on exposures to / funding from banks / other FIs (&)<br>***Other tools***: Retention requirements |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants. (*) Only for real estate funds. (**) Except for close-ended special funds. (***) Only for MMFs and bank deposits in the context of UCITS. (****) Only if consolidated into a banking group. (&) Restrictions imposed on investors, if necessary.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • BaFin is the integrated regulator for NBFEs; Bundesbank is primarily responsible for the assessment of systemic risks.<br>• The Financial Stability Committee (FSC) comprising representatives of the MoF, Bundesbank, BaFin and the FMSA (latter member without voting right) is responsible for monitoring and assessing financial stability risks, including risks posed by NBFEs. In addition, the Bundesbank has set up a team responsible for monitoring shadow banking and financial innovation.<br>• BaFin, Bundesbank and the MoF have established formal/informal joint structures to discuss risks associated with NBFEs.<br>• The FSC may issue recommendations addressed to the federal government to extend the regulatory perimeter. Any of the three member authorities of the FSC may propose discussions about revisions to the regulatory perimeter. |
| OP2 | • Bundesbank has a framework for collection/analysis of data on SB risks from entities/activities and monitors innovations; BaFin contributes to this framework.<br>• Data is collected from statistical and supervisory returns; interactions with market participants, supervisors and researchers. BaFin and Bundesbank staff is involved in the analysis of information about SB risks at regular intervals as well as on an *ad-hoc* basis.<br>• Gaps in availability of risks metrics data were observed for EF1; risk metrics data not required to be reported for other EFs.<br>• Bilateral sharing of information between domestic authorities takes place through established contacts and committee structures (e.g. the FSC). Exchange of information on SB risks with authorities in other jurisdictions occurs mainly via international fora or through existing bilateral MoUs. |
| OP3 | • Market disclosures stem primarily from regulatory requirements. BaFin revised the Derivatives Ordinance in the light of adoption of the ESMA Guidelines on ETFs and other UCITS issues. The guidelines include provisions on enhanced disclosure.<br>• Authorities disclose aggregate information about SB risks through annual reports of the FSC, FSRs, articles in the Bundesbank's FSR or Bundebank's or BaFin's monthly bulletins, and Bundesbank discussion papers. |
| OP4 | • BaFin coordinated Germany's participation in the information sharing exercise with the involvement of Bundesbank and the MoF. EF classification was done. No entities were classified into EF4 because no German insurance undertakings are engaged in monoline or credit and financial guarantee business is considered regular insurance business and is subject to prudential regulation. One entity type not involved in maturity/liquidity transformation and not highly leveraged was identified under "SB not classified."<br>• Risk mapping was completed.<br>• Some policy tools covering all entities classified into EFs were available both from the FSB toolkit and some additional tools. |

# Hong Kong

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 3 | 1165 | 11 |
| OFIs | 0.2 | 85 | 14 |
| Of which: Shadow banking | 0.1 | 20 | 37 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | SFC | Securities regulator | Hedge funds; Money market funds; Fixed income funds, Mixed balanced funds; Other funds (non-equity related) |
| EF2 | Companies registry, Police, FSTB | Other | Money lenders |
| EF3 | SFC | Securities regulator | Broker dealers |
| EF4 | IA | Insurance regulator | Insurance companies |
| EF5 | - | - | *No entity classified* |

| Available policy tools | |
|---|---|
| **EF1 (Hedge funds)** | Redemption gates (D); Suspension of Redemptions (D); Redemption fees / restrictions (D); Side Pockets (D); Limits on investment in illiquid assets (D); Limits on asset concentration; Limit on leverage (D)<br>***Other tools:*** SFC has the power to impose additional conditions on a case by case basis. |
| **EF1 (FI funds)** | Redemption gates (D); Suspension of Redemptions (D); Redemption fees / restrictions (D); Side Pockets (D); Limits on investment in illiquid assets; Limits on asset concentration; Limit on leverage |
| **EF2** | Capital Requirements (*); Liquidity buffers (*) |
| **EF3** | Capital requirements; Liquidity requirement; Restrictions on use of client assets |
| **EF4** | Capital requirements; Restrictions on scale and scope of business; Liquidity buffers<br>***Other tools:*** Asset liability mismatches; stress testing |
| **EF5** | *No entities classified* |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Only for entities consolidated into banking groups.

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • In line with the SFC's statutory objectives of reducing systemic risks and maintaining financial stability in the securities and futures market, the SFC established a Risk and Strategy Unit in 2012 as a centralised unit overseeing risk identification and contributing to strategic planning. Under legislation passed in 2015, an independent insurance authority (IIA) with enhanced legal capacity, powers and financial independence is being established, along with a statutory licensing regime for insurance intermediaries. A risk-based capital framework for insurers is also under development.<br>• FSC (chaired by the Secretary for Financial Services and the Treasury, and comprising representatives from HKMA, SFC and IA) is responsible for monitoring financial market functioning and formulating and coordinating responses to issues and events with possible systemic implications.<br>• CFR (chaired by the Financial Secretary of the Hong Kong Special Administrative Region Government, and comprising representatives from the FSTB, HKMA, SFC, IA and MPFA) is the main coordinating body to close regulatory gaps among supervisors and to expand the regulatory perimeter where necessary. Regulators could make legislative proposals to amend the regulatory perimeter after consultation with the public and other stakeholders. |
| OP2 | • SFC-regulated funds, fund operators and broker dealers as well as IA-authorised insurers are subject to various regulatory reporting requirements; information on hedge funds and money lenders is mainly based on periodic surveys. Regulatory reporting requirements for insurers are to be enhanced upon implementation of the IIA regime. SFC is undertaking an on-going review of its risk data strategy.<br>• The jurisdiction received full reporting relief for risk metrics in the information-sharing exercise.<br>• SFC and IA have broad information-sharing powers subject to certain public interest and secrecy conditions. Bilateral and multilateral MoUs facilitate domestic and cross-border information sharing. Regular CFR and FSC meetings also support information sharing between domestic authorities. |
| OP3 | • Disclosure requirements for most EF1 entities are focused on investor information; for public funds, this also includes financial reports that must be distributed to investors twice a year. Hedge funds, broker dealers and money lenders are not subject to market disclosures because they are private entities. Insurers' financial statement filings are publicly accessible from Companies Register. Public disclosure requirements for insurers to be enhanced in line with IAIS Core Principles under the proposed risk-based capital framework for insurers.<br>• SFC publishes selected aggregated data on broker dealers, hedge funds and the funds management industry. IA publishes market statistics on insurance. |
| OP4 | • HKMA coordinated the jurisdiction's involvement in the FSB information-sharing exercise among domestic authorities. EF classification was done; no entity was classified in EF5. Certain broker dealers were classified outside EF3 because they do not rely on short-term funding or perform credit intermediation. Risk mapping was completed.<br>• Most policy tools for EF1 entities were discretionary. No plans to augment existing policy toolkit for classified entities. |

# India

| Sector size and growth | | | |
|---|---|---|---|
| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
| Financial institutions | 4 | 193 | 8 |
| OFIs | 0.4 | 17 | 7 |
| Of which: Shadow banking | 0.4 | 19 | 9 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | SEBI | Securities regulator | Money market funds, Hedge funds, Fixed income funds, Other funds |
| EF2 | RBI<br>NHB, MCA | Central bank<br>Other | Housing finance companies (HFCs); Non-banking financial companies (NBFCs) |
| EF3 | - | - | *No entity classified* |
| EF4 | - | - | *No entity classified* |
| EF5 | RBI<br>MoF | Central bank<br>Other | Securitization companies / Reconstruction companies |

The entity types by economic functions in this table are in conformity with the classification in the 2015 Global Shadow Bank Monitoring Report. The Indian authorities did not agree with the classification of certain entity types (money market funds, hedge funds, fixed income funds, other funds) in EF1 and hence did not report the availability of policy tools for EF1 entities.

| Available policy tools | |
|---|---|
| **EF1 (Hedge funds)** | - |
| **EF1 (FI funds)** | - |
| **EF2** | Bank equivalent prudential regulations; capital requirements; Liquidity requirements; Limits on leverage; Limits on large exposures; Restrictions on types of liabilities<br>***Other tools:*** Prudential norms for income recognition, asset classification and provisioning |
| **EF3** | *No entities classified* |
| **EF4** | *No entities classified* |
| **EF5** | Restrictions on maturity / liquidity transformation<br>***Other tools:*** Prudential norms related to capital adequacy, asset classification and provisioning |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • The FSDC (with representatives from RBI, SEBI, IRDA, PFRDA and the Government) monitors and assesses financial stability risks emanating from different parts of the financial sector, including NBFEs. It established a Shadow Banking Implementation Group (SBIG) in 2015 to guide the implementation of FSB reforms for shadow banking entities.<br>• The only unregulated NBFEs in India are money lenders and pawn brokers, which are not considered to be systemically important by the authorities given their small size. Review and update of the regulatory perimeter is undertaken by the respective regulators; extant legal provisions provide considerable scope for the inclusion of new entities/activities within the regulatory perimeter via a process of notification without the need for government approval or legislative amendments. |
| OP2 | • Data on EF-classified entities are mainly sourced from periodic regulatory reporting. NBFCs deemed systemically important by RBI are subject to more frequent reporting requirements than other NBFCs. SEBI can collect data from unregulated entities in connection with enforcement of regulation under its remit.<br>• Lack of granular data for calculating some risk metrics observed for EF-classified entities in the FSB info-sharing exercise. Data gaps sought to be addressed by SBIG, with the possibility of more granular data being collected from NBFEs.<br>• RBI performs analysis of systemic risk posed by NBFEs. Such analysis includes interconnectedness with the banking system and stress testing analysis covering NBFEs. The analysis is published semi-annually in FSRs. SEBI regularly contributes to the FSR on financial stability issues related to securities markets.<br>• Existing MoU signed by the various financial sector regulators of FSDC facilitates domestic exchange of information relating to shadow banking risks. Authorities see little need for information-sharing mechanism with regulatory authorities in other jurisdictions for NBFCs as these entities only operate domestically. SEBI has multilateral/bilateral MoUs with a number of overseas securities regulators that provide for information-exchange in certain circumstances. |
| OP3 | • RBI regulated systemically important and deposit-taking NBFCs are required to disclose data on asset and liability profiles, non-performing assets, off-balance sheet items, etc.; other EF-classified entities are not subject to shadow banking-specific disclosure requirements. Listed companies are subject to continuous disclosure requirements as per agreement with exchanges / SEBI regulations.<br>• Systemic risk analysis by RBI is published in its FSR. |
| OP4 | • RBI is the coordinating authority for the FSB info-sharing exercise. EF classification was done with no entities classified into EF3 and EF4. NBFEs not classified into EFs included fee-based stock brokers that do not take public funds; insurance companies that do not perform any credit intermediation; and unregulated money lenders and pawn brokers that rely mainly on own funds and are perceived as too small to pose systemic risk. Risk mapping was not undertaken.<br>• SBIG is considering potential enhancements to the existing framework for oversight and regulation of shadow banking entities.<br>• No policy tools were reported for entities classified under EF1; policy tools for entities classified under EF2 and EF5 were available (both from the FSB toolkit and other tools). Enabling legislation gives RBI broad powers to introduce any policy tools necessary to help it meet its mandate. |

# Indonesia

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 1 | 90 | 7 |
| OFIs | 0.1 | 8 | 7 |
| Of which: Shadow banking | 0.01 | 1 | 8 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | OJK | Prudential regulator | Money market funds |
| EF2 | - | - | *No entities classified* |
| EF3 | - | - | *No entities classified* |
| EF4 | - | - | *No entities classified* |
| EF5 | - | - | *No entities classified* |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | *No entities classified* |
| **EF1 (FI funds)** | Suspension of Redemptions, Redemption Fees/ restrictions (D); Limits on investments in illiquid assets; Liquidity buffers; Limits on asset concentration; Limits on leverage; Restrictions on maturity of portfolio assets |
| **EF2** | *No entities classified* |
| **EF3** | *No entities classified* |
| **EF4** | *No entities classified* |
| **EF5** | *No entities classified* |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • OJK conducts micro-prudential supervision for all NBFIs, banks and capital markets. BI is the macroprudential authority responsible for assessing financial stability risks, and its assessment includes risks posed by NBFEs.<br>• By law, the establishment of any new type of NBFE should be approved by OJK. This ensures that all NBFEs would fall under the scope of OJK supervision. Financial service institutions are required to seek supervisory approval from authorities (OJK or BI) prior to issuing new products or performing new activities.<br>• OJK conducts market surveillance to assess risks to financial stability from NBFIs' activities. It can pass new regulations on financial activities that are currently unregulated. BI also performs periodic assessments of emerging non-bank financial intermediary activities.<br>• Formal coordination between the OJK, BI, Ministry of Finance, and the *Lembaga Penjamin Simpanan/LPS* (Indonesian Deposit Insurance Corporation) set under the Forum Koordinasi Stabilitas Keuangag/FKSSK (Financial System Stability Coordination Forum) in order to provide a coordinated response to risks identified. Multi-agency MoU and bi-lateral MoUs between authorities exist. |
| OP2 | • OJK has the authority to collect information from NBFEs on a regular and *ad-hoc* basis. OJK embarked on building a new reporting platform to collect data from non-bank sectors.<br>• New regulation on the submissions by finance companies will be implemented in June 2016, providing for alignment with the new accounting standards (PSAK) and expansion of data and information provided. The authorities are making efforts to reduce gaps between the risk assessment framework for NBFEs and the banking system.<br>• OJK is conducting studies to consider adding early warning system to the set of variables and indicators used for fixed-income mutual funds and developing an integrated electronic trading system for fixed income instruments to better capture fixed income portfolio flows. |
| OP3 | • NBFEs required under regulation to disclose risks of individual products to current and prospective customers.<br>• The BI publishes a Financial Stability Review semi-annually that contains the results of its analysis of financial stability risks, including those posed by NBFIs.<br>• OJK periodically publishes information and statistics on its website based on types of financial institutions or activities. |
| OP4 | • A formal structure for implementing the FSB Policy Framework does not exist between OJK and BI, and no institutional arrangements are in place to coordinate the classification of NBFEs and capital market-related activities into economic functions. The classification process is conducted on an *ad-hoc* basis through discussions among the relevant authorities: BI leads the exercise from a macroprudential perspective, in close coordination with the OJK that is responsible for micro-prudential aspects.<br>• Entities were classified only under EF1. Finance companies are considered outside EF2 since they borrow long-term to finance short-term loans.<br>• Risk mapping was completed.<br>• Most policy tools in the FSB policy toolkit for entities classified under EF1 were available. |

# Italy

| Sector size and growth | | | |
|---|---|---|---|
| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
| Financial institutions | 7 | 362 | -0.1 |
| OFIs | 1 | 38 | -5 |
| Of which: Shadow banking | 0.3 | 17 | -4 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

| Overseeing authority and entity types by economic function (EF) | | | |
|---|---|---|---|
| EF1 | CONSOB<br>Bank of Italy | Securities regulator<br>Central bank | Money market funds; Hedge funds; Fixed income funds; - Open-ended investment funds |
| EF2 | Bank of Italy | Central bank | Finance companies |
| EF3 | CONSOB<br>Bank of Italy | Securities regulator<br>Central bank | Investment firms |
| EF4 | Bank of Italy | Central bank | Confidi (or financial guarantors) |
| EF5 | Bank of Italy | Central bank | Securitisation |

| Available policy tools | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D); Suspension of Redemptions; Redemption fees / restrictions (D); Side Pockets (D); Limits on investment in illiquid assets (*); Limits on leverage<br>***Other tools***: Governance, capital and organisation requirements |
| **EF1 (FI funds)** | Suspension of redemptions; Redemption fees / restrictions (D); Limits on investment in illiquid assets; Limits on asset concentration; Limits on Leverage; Restrictions on maturity of portfolio assets(**)<br>***Other tools***: Governance, capital and organisation requirements |
| **EF2** | Bank equivalent prudential regulation; Capital requirements; Limits on leverage (***); Limits on large exposures; Restrictions on types of liabilities<br>***Other tools***: Governance, capital and organisation requirements |
| **EF3** | Bank-equivalent prudential regulatory regimes; Capital Requirements; Liquidity requirements; Restrictions on use of client assets<br>***Other tools:*** Governance and organisational requirements; remunerations rules; large exposure rules; reporting requirements. |
| **EF4** | Capital requirements; Restrictions on scale / scope of business; Enhanced risk management practices to capture tail events |
| **EF5** | Restrictions on maturity and liquidity transformation (****) |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Italian funds investing more than 20% in illiquid assets (such as real estate assets, loans, financial instruments not listed in a regulated markets) must be close-ended. (**) .Only for MMFs. (***) Only if consolidated into banking groups; (****) De factor restrictions on maturity transformation.

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • Italy has a consolidated approach for banking and financial supervision involving the BoI and CONSOB. A Task Force on Shadow Banking was set up to improve coordination and exchange of data and thereby ensure effective monitoring.<br>• Law 262 ensures periodic review of content of regulation at least every three years (although this review has been in practice integrated into the authorities' annual planning, also taking into account the ongoing work undertaken at EU level).. |
| OP2 | • BoI and CONSOB have the authority to collect (eventually also in collaboration with other authorities) information from all supervised entities.<br>• BoI undertakes *ad-hoc* system-wide analysis to identify and asses shadow banking risks and summarizes results in internal notes. Financial Stability Report can include output of shadow banking risk analysis. CONSOB employs specific risk evaluation models, taking into account the qualitative and quantitative information provided by regulated entities, including non-bank financial entities, and performs quantitative analysis to support supervisory functions; the related output feeds into CONSOB priorities, strategic objectives and general planning.<br>• Gaps in availability of risks metrics data were observed, especially for EF1 and EF5; risk metrics data was not required to be reported for EF3 and EF4.<br>• BoI and CONSOB cooperate to share information at EU level and have signed MoUs and participate in relevant work streams. |
| OP3 | • Regulatory requirements ensure public disclosure of information.<br>• BoI annual report analyses trends and reports aggregate statistics on non-banking intermediaries. Flow of funds data is available for other financial intermediaries. CONSOB's risk outlook (including a risk dashboard) is published every six months. |
| OP4 | • Classification into EFs was completed by two shadow banking tasks forces (one within the Bank of Italy, the other amongst all competent authorities) set up in response to the Policy Framework.<br>• Entities were classified into all EFs. Four entity types not subject to run risk were identified under "SB not classified."<br>• Risk mapping was completed.<br>• Policy tools covering all entity types classified into EFs were available from the FSB toolkit, with some additional tools reported for entities in EF1, EF2 and EF3. |

# Japan

| Sector size and growth | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 29 | 717 | -5 |
| OFIs | 4 | 87 | -4 |
| Of which: Shadow banking | 2 | 60 | -5 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | FSA | Banking, insurance and securities regulator | Equity investment funds; Fixed income investment funds; Hedge funds; Money market funds |
| EF2 | FSA | Banking, insurance and securities regulator | Finance companies |
| EF3 | FSA<br>BOJ | Banking, insurance and securities regulator<br>Central bank | Broker dealers; Securities finance companies; Money market broker dealers |
| EF4 | - | - | *No entity classified* |
| EF5 | FSA | Banking, insurance and securities regulator | Securitizations |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Suspension of Redemptions (D); Limits on investment in illiquid assets; Limits on asset concentration; Limit on leverage |
| **EF1 (FI funds)** | Suspension of Redemptions (D); Limits on investment in illiquid assets; Limits on asset concentration; Limit on leverage |
| **EF2** | Capital Requirements<br>***Other tools:*** Investigation of repayment capacity for retail customers |
| **EF3** | **Broker dealers**: Capital requirements, Restrictions on use of client assets<br>**Securities finance companies**: Capital requirements, Restrictions on use of client assets<br>**Money market broker dealers**: Restrictions on use of client assets<br>***Other tools***: Scope of Resolution regime; Central Bank examination; Liquidity risk management requirements |
| **EF4** | *No entities classified* |
| **EF5** | -<br>***Other tools:*** Risk management related to securitization products; ensuring traceability when selling securitization products. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • The FSA has primary responsibility for regulating and supervising non-bank financial entities (NBFEs). The BOJ monitors and assesses certain NBFEs (broker dealers and securities finance companies) that have accounts with it. The BOJ monitors and assesses financial stability risks, including those emanating from NBFEs. High-level coordination between BOJ and FSA takes place through semi-annual meeting of the Council for Cooperation on Financial Stability.<br>• The FSA is responsible for reviewing the adequacy of the regulatory perimeter. When considering expanding the regulatory perimeter to capture new entities and/or activities, the Council of Experts is consulted. Updates to the regulatory perimeter may require law changes in the Diet and public consultations in accordance with the Administrative Procedure Act. |
| OP2 | • FSA collects information on entities it regulates mainly through required regulatory reporting (including annual business reports), on and off- site monitoring and interviews. The BOJ has data collection and on-site examination powers for account-holders under Article 44 of the Bank of Japan Act.<br>• Japan received reporting relief for risk metrics in the information-sharing exercise for structured finance vehicles (EF5). For the remaining classified entities, there were some gaps in the availability of data to calculate risk metrics, mainly regarding asset and liability maturity profiles. No data were provided on hedge funds classified under EF1. Authorities have no current plans to enhance data collection(s).<br>• No MoUs exist between the authorities for information-sharing purposes, but FSA can formally request information from BOJ regarding the results of the BOJ's on-site examinations. |
| OP3 | • Listed companies and investment trusts issuing securities to the public are subject to disclosure requirements that are mainly focused on information that could affect the decisions of investors. Disclosures are made available to the public through an online disclosure system ('Electronic Disclosure for Investors Network'). Broker dealers and Securities finance companies are required to disclose business reports publicly. Finance companies are required to prepare and preserve books on its business, which can be disclosed to its obligors upon requests. For entities that are not ordinarily required to provide public disclosures (e.g. finance companies, money market broker dealers), FSA has legal power to require public disclosures if deemed necessary. Various industry associations publish aggregated industry data, such as the Japan Investment Trust Association, Japan Financial Services Association and Japan Securities Dealers Association.<br>• The FSA publishes analysis of its monitoring program in its annual *Financial Monitoring Report*. The BOJ publishes a semi-annual *Financial System Report* that includes its analysis of financial stability risks posed by NBFEs. FSA also publishes aggregated information on investment funds (EF1) and finance companies (EF2). |
| OP4 | • FSA, in consultation with the BOJ, participated in the information-sharing and EF classification. No entities were classified under EF4.<br>• Risk mapping was completed.<br>• Many of the policy tools in the FSB Policy toolkit are available for EF-classified entities; however few policy tools are available for finance companies (EF2), money market broker dealers (EF3) and securitisation entities (EF5). FSA deems its existing policy tools as adequate for addressing potential financial stability risks associated with classified NBFEs. |

# Korea

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 6 | 418 | 8 |
| OFIs | 1 | 100 | 10 |
| Of which: Shadow banking | 1 | 48 | 12 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | FSC/FSS | Prudential regulator | Money market funds; Fixed income funds; Mixed funds |
| EF2 | FSC/FSS | Prudential regulator | Finance companies |
| EF3 | FSC/FSS | Prudential regulator | Broker dealers |
| EF4 | - | - | *No entity classified* |
| EF5 | FSC/FSS | Prudential regulator | ABS; ABCP; residuals of SPC |

**Available policy tools**

| | |
|---|---|
| **EF1 (Private funds)** | Suspension of Redemption (D); Redemption fees/ restrictions (D); Side pockets (D); Limits on leverage(*) |
| **EF1 (Public funds)** | Redemption gates; Suspension of Redemption (D)(**); Redemption fees/ restrictions (D) (**); Side pockets (D); Limits on asset concentration (***); Liquidity buffers(***), Limits on leverage; Restrictions on maturity profile of assets (****) |
| **EF2** | Capital requirements; Liquidity buffers; Leverage limits; Restrictions on types of liabilities |
| **EF3** | Bank-equivalent prudential regulation (*****); Capital requirements; Liquidity requirements; Restrictions on use of client assets<br>***Other tools***: Leverage limits |
| **EF4** | *No entities classified* |
| **EF5** | Restrictions on eligible collateral<br>***Other tools***: Registration requirements for asset-backed securitization plans. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

(*) Only for a collective investment business entity borrowing funds for the account of a fund in managing collective investment property. (**) Except for MMFs; (***) Public funds only; (****) Only MMMFs; (*****) Similar to Basel II requirements.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • The FSC is responsible for licensing and regulation of NBFEs, while the FSS is responsible for the supervision of entities under the guidance and oversight of the FSC. The BOK monitors and assesses financial stability risks posed by NBFEs and can request the FSS to undertake joint examinations of regulated entities and share examination reports. The FSC acts as a consultative body on financial stability issues. Financial stability concerns relating to non-bank financial entities and activities are also discussed at the Macroeconomic Financial Meeting (attended by the Ministry of Strategy and Finance (MOSF), BOK, FSC, FSS, KDIC and Korea Center for International Finance), which is convened at least quarterly. Any decisions taken at this meeting are not binding, and an agency would rely on its existing powers/authority if it elected to take action based on those discussions.<br>• The FSC has the power to either draft or revise regulations when a financial stability concern is identified, and has the power to submit a new or revised bill to the National Assembly to change the regulatory perimeter. |
| OP2 | • Information on registered CIS and securities firms mainly obtained from regulatory returns. ABS issued pursuant to the ABS Act are required to be registered and submit an issuance report; other ABS are not required to be registered and information on them is obtained indirectly from securities firms involved in the issuance or from the Korean Securities Depository.<br>• Data on financial institutions collected by FSS are made available to other authorities and the public via a web-based system, Financial Statistics Information System (FISIS).<br>• There were gaps in availability of data to calculate risk metrics in the information-sharing exercise, particularly for EF1, EF3 and EF5 entities. Main data gaps were for maturity profile of assets and liabilities and off-balance sheet items. BOK recently enhanced its data on interconnections between the banking and shadow banking sectors, but has no other current initiatives to further enhance data collections.<br>• The FSC, FSS, BOK, MOSF and KDIC have signed a joint MoU that provides for sharing of financial information submitted by financial institutions to the BOK, FSS and KDIC. Korean authorities have also entered into MoUs with 46 authorities in 25 jurisdictions to facilitate cross-border supervisory cooperation and information sharing. |
| OP3 | • NBFEs are required to periodically disclosure financial and business information to the FSS, which is made available to the public via FISIS (see above). The FSS also publishes financial sector statistics in its *Monthly Financial Statistics Bulletin*. Industry self-regulatory bodies, such as the Korea Financial Investment Association and Credit Finance Association of Korea, publish selected industry statistics and analyses. BOK publishes a semi-annual *Financial Stability Report* that contains its assessment of financial stability risks, including those emanating from non-bank financial entities and activities. Authorities have no plans to enhance disclosure requirements for NBFEs. |
| OP4 | • BOK coordinated Korea's involvement in FSB information-sharing exercise in conjunction with FSC. EF classification was done with no entities classified under EF4. Risk mapping was completed.<br>• Several policy tools from the FSB toolkit were available for EF-classified entities, with relatively few tools being available for securitization vehicles (EF5). The authorities note that the regulatory requirements for EF5 entities may need to be strengthened, but that the current set of policy tools is otherwise deemed adequate to address potential risks posed by NBFEs. |

# Mexico

| Sector size and growth | | | |
|---|---|---|---|
| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
| Financial institutions | 1 | 118 | 6 |
| OFIs | 0.3 | 23 | 6 |
| Of which: Shadow banking | 0.2 | 16 | 3 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CNBV | Prudential regulator | Money market funds; Other investment funds; fixed income funds |
| EF2 | CNBV | Prudential regulator | Regulated Sofomes; Socaps; Financial coporations; Sofipos; Other financial entities (bonding companies); Credit unions |
| EF3 | CNBV | Prudential regulator | Broker dealers |
| EF4 | CNSF | Prudential regulator | Insurance companies (credit insurances) |
| EF5 | CNBV | Prudential regulator | Securitizations |

| Available policy tools | |
|---|---|
| **EF1 (Hedge funds)** | - |
| **EF1 (FI funds)** | Redemption gates (D); Suspension of Redemptions, Redemption Fees/ restrictions (D), Side pockets (D), Limits on investment in illiquid assets, Liquidity buffers, Limits on asset concentration<br>***Other tools:*** During disorderly market conditions, funds authorised by the CNBV may operate securities with related FIs. |
| **EF2** | For regulated entities: Capital requirements, Limits on large exposures; Restrictions on types of liabilities.<br>***Other tools:*** disclosure requirements; credit risk provision and redemption restrictions (for credit unions), |
| **EF3** | Bank-equivalent prudential regulatory regimes; Liquidity requirements, Capital requirements, Restrictions on use of client assets<br>***Other tools:*** Restrictions on ownership and related business |
| **EF4** | Capital Requirements, Restrictions on scale and scope of business, Liquidity buffers; Enhanced risk management practices to capture tail events |
| **EF5** | ***Other tools:*** Banks should capitalize their investments in securitisations to which they provide guarantee as if the underlying assets have not been securitised. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • The authorities in charge of most NBFEs are vested with a financial stability mandate. Coordination arrangements include an interlocking board mechanism and participation in a Financial System Stability Council (FSSC). No change currently planned.<br>• Any amendment to the supervisory perimeter must undergo a legislative process. Requirements on leverage and debt service coverage for REITS were recently introduced, while some non-regulated entities (Sofomes) were brought within the regulatory perimeter. |
| OP2 | • Data sources are regulatory reports, public balance sheets and income statements, industry sources, some market intelligence and press releases. Some non-regulated, non-deposit taking entities are required to regularly report borrower level data to a credit information bureau. BANXICO has access to this information.<br>• Each authority conducts its own financial stability assessment and contribute to the FSSC's annual report. Cooperation between authorities domestically and internationally possible through MoUs, provided for under law.<br>• Several gaps in data for calculating risk metrics were observed for entities in all EFs (except EF4); no changes are currently planned with regard to the availability of data, although the authorities identify standardisation of data for EF5 entities as a major challenge and suggest that improved coordination amongst domestic agencies could improve the analysis of shadow banking risks. |
| OP3 | • Disclosures requirements vary by entity type (e.g. investor-oriented disclosures in prospectus; investment portfolios and risk management policies by investment funds; financial statements, risk management policies; credit ratings by broker dealers, etc.) No changes to disclosure requirements are currently planned.<br>• Authorities disclose risk assessment data on entities on their website and in FSSC annual reports and BANXICO FSRs. No change currently planned, although the authorities suggest that additional disclosure of information on non-regulated entities would enhance the market participants' ability to assess shadow banking risks. |
| OP4 | • BANXICO coordinates Mexico's participation in the FSB information-sharing exercise.<br>• EF classification conducted; risk mapping completed.<br>• Policy tools not available for all entity types classified under EFs. No change in the policy toolkit is currently planned, although the authorities suggest that liquidity risk management tools for investment funds could be useful. |

# Netherlands

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 12 | 1443 | 3 |
| OFIs | 7 | 838 | 3 |
| Of which: Shadow banking | 1 | 74 | 1 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | AFM<br>DNB | Securities regulator<br>Central bank | Money market funds; Hedge funds, Fixed income and other investment funds; REITS; funds excluding equity |
| EF2 | AFM | Securities regulator | Finance companies |
| EF3 | AFM<br>DNB | Securities regulator<br>Central bank | Broker dealers dealing on own account |
| EF4 | - | - | *No entity classified* |
| EF5 | DNB | Central bank | Structured finance vehicles (*) |

(*) Indirect supervision on SPV that are consolidated in a banking group

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees,/ restrictions (D), Limits on Investment in illiquid assets, Limits on asset concentration; Limits on Leverage; Restrictions in maturity profile of assets |
| **EF1 (FI funds)** | Suspension of Redemptions (D) ), Limits on Investment in illiquid assets, Limits on asset concentration; Limits on Leverage; Restrictions in maturity profile of assets (*) |
| **EF2** | - |
| **EF3** | Bank equivalent prudential requirements, Capital requirement, Liquidity requirements, Restrictions on use of client assets |
| **EF4** | *No entities classified* |
| **EF5** | ***Other tools:*** Indirect regulation through banks and insurance companies investing in these instruments. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Only for MMFs.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • DNB and AFM supervise NBFEs under a twin-peak supervisory model, with DNB being responsible for monitoring and assessing financial stability risks posed by NBFEs. Coordination is facilitated through the Financial Stability Committee (FSC) as well as *ad-hoc* working groups.<br>• Regulatory perimeter is updated via the issuance of new licenses. When a new entity or innovation emerges in the credit intermediation space, the authorities work together to decide where it should fall under the current regulatory framework. |
| OP2 | • DNB systematically collects information on NBFEs based on flow of funds data. AFM collects information on mutual funds and their managers on a survey basis. DNB has legal power to collect data from entities not under supervision for financial stability purposes.<br>• DNB reports regularly on general developments, while risk analysis takes place on an *ad-hoc* basis. DNB plans to put in place a more structured process.<br>• Gaps in availability of risks metrics data were observed for EF1, EF2, EF4, and EF5; risk metrics data was not required to be reported for EF3. Improvements to collect data are underway.<br>• Information is exchanged between DNB and AFM. To enhance cross-border information exchange DNB and AFM participate in various international committees and working groups. |
| OP3 | • Disclosure includes publication of annual accounts and aggregated balance sheet data of investment funds.<br>• DNB recently published an occasional study on financial stability risks in the Dutch shadow banking system, implementing the FSB's new activity-based "economic function" measure of shadow banking. |
| OP4 | • The AMF set up a small *ad-hoc* working group to implement the Framework and conduct risk analysis for the FSC. The group conducted 2 workshops early in the year and again in the summer to discuss with experts, market participants, the Ministry of Finance and DNB on issues related to the inputs for the questionnaire and analysis of EFs.<br>• EF classification was done. No entities were classified into EF4. Fifteen entity types were identified under "SB not classified."<br>• Several policy tools for entities classified under EF1 and EF3 are available from the FSB toolkit. Policy tools from FSB toolkit are not available for entities classified under EF2 and EF5, with entities classified under EF5 being only indirectly supervised. |

# Russia

| Sector size and growth | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 2 | 165 | 4 |
| OFIs | 0.1 | 5 | 13 |
| Of which: Shadow banking | 0.1 | 4 | 13 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CBR | Central bank and prudential regulator | Hedge funds, Money market funds, Fixed income funds |
| EF2 | | | Microfinance organization |
| EF3 | | | Broker dealers |
| EF4 | | | Insurance companies |
| EF5 | | | SPVs issuing mortgage-backed securities |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (*); Suspension of Redemption (D);Limits on investments in illiquid assets; Limits on asset concentration; Limits on leverage |
| **EF1 (FI funds / MMFs)** | Redemption Gates (*); Suspension of Redemption (D);Limits on investments in illiquid assets; Limits on asset concentration; Limits on leverage |
| **EF2** | Capital requirements; Limits on large exposures; Restrictions on types of liabilities<br>***Other tools:*** Liquidity ratio |
| **EF3** | Capital requirements; Restrictions on use of client assets |
| **EF4** | Capital requirements; Restrictions on scale and scope of business<br>***Other tools:*** Requirement for composition and structure of insurance companies' assets |
| **EF5** | Restrictions on eligible collateral; Restrictions on exposures to or funding from bank / other FIs |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) For interval funds only.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • CBR's Financial Stability Committee (FSC) is responsible for monitoring and assessing financial stability risks posed by NBFEs. Quarterly risk assessment of NBFEs based on data/information obtained from supervisory reporting and regular/*ad-hoc* surveys by CBR.<br>• CBR's systemic risk assessment results are regularly discussed at the NFSC, an inter-agency body comprising representatives from CBR and the Government, to assess the level of systemic risks and threats to financial stability and to develop proposals on measures to protect financial stability.<br>• CBR is also responsible for reviewing the adequacy of the regulatory and supervisory perimeter for NBFEs, including new NBFEs/activities posing potential systemic risk. The regulatory perimeter can be expanded by amending the law, CBR's regulations or by issuing new Ordinance/Instructions. |
| OP2 | • Data on NBFEs are mainly sourced from supervisory reporting (mandatory financial statements) and surveys by CBR.<br>• CBR performs risk analysis of NBFEs, including assessment of potential systemic risk posed by new NBFEs/activities based on information obtained from surveys, with assessment results and issues identified reported to FSC.<br>• Supervisory reporting does not provide relevant data for calculating all risk metrics (e.g. on maturity/liquidity transformation) in the FSB information-sharing exercise, but initiatives are underway to improve data availability, granularity and quality (e.g. migration to unified reporting form that adheres to International Financial Reporting Standards).<br>• Information-exchange with foreign regulatory authorities takes place through the FSB information-sharing exercise and existing MoUs. |
| OP3 | • Data disclosure requirements imposed on NBFEs by CBR include: net asset value, cash allocation, structure of assets and rules on governance of funds (investment funds); effective interest rates (microfinance organisations); disclosure of own funds (broker-dealers); and annual financial statements (insurance companies).<br>• CBR publishes systemic risk assessment results of NBFEs semi-annually in the FSR. |
| OP4 | • CBR identifies as a major challenge the lack of data of necessary depth and scope to appropriately classify NBFEs by economic function (which may, for example, overstate the size of shadow banking activities in the case of insurance companies).<br>• In the 2015 information-sharing exercise, EF classification was completed; the risk mapping was partially completed.<br>• Some policy tools from the FSB toolkit as well as some additional tools were available for all entities classified into the EFs. As part of its systemic risk assessment process for NBFEs, CBR regularly assesses the adequacy/effectiveness of policy tools applied to NBFEs, including considering any need for additional regulatory measures based on systemic risk assessment results and issues identified. |

# Saudi Arabia

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 1 | 199 | 12 |
| OFIs | 0.03 | 5 | 9 |
| Of which: Shadow banking | 0.03 | 5 | 9 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CMA | Prudential regulator | Investment funds |
| EF2 | CMA<br>SAMA | Securities regulator<br>Central bank and prudential regulator | Real estate finance companies; Other finance companies |
| EF3 | - | - | *No entities classified* |
| EF4 | - | - | *No entities classified* |
| EF5 | - | - | *No entities classified* |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Side Pockets |
| **EF1 (FI funds)** | Redemption fees; Limits on investment in illiquid assets; Limits on asset concentration; Limits on leverage<br>***Other tools:*** Prudent investment management requirements |
| **EF2** | Capital requirements, Liquidity buffers; Leverage limits; Limits on large exposures; Restrictions on types of liabilities |
| **EF3** | *No entity classified* |
| **EF4** | *No entity classified* |
| **EF5** | *No entity classified* |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • SAMA is the prudential regulator of entities classified under EF2 since 2012, while the CMA supervises entities classified under EF1. Authorities feel that the existing arrangements are adequate for monitoring any new shadow banking activities and updating the regulatory perimeter accordingly. Recent instances of the update of the regulatory perimeter include the regulation of finance companies. Possible changes to the perimeter with regard to investment funds, real estate and securitisations is under consideration.<br>• Cooperation between authorities (SAMA, MoF and CMA) takes place through regular meetings and a MoU between SAMA and CMA. Internationally, CMA is a signatory IOSCO MMoU signatory while on a regional level, the authorities participate in Gulf Cooperation Council and the Union of Arab Securities Authorities. A Saudi Financial Stability Board, which will have a broad mandate for financial stability including shadow banking risks, is yet to be fully operational. |
| OP2 | • The main sources of data on NBFEs include regulatory reporting and market information on investment funds from fund managers. Availability and accuracy of data from finance companies (FCs) were identified as major challenges.<br>• No risk metrics data was submitted by the authorities. Greater enhancement to the data collection process is under consideration, while there are ongoing reviews on the adequacy of data being collected.<br>• SAMA and CMA share data on the basis of a MoU. The establishment of the Saudi Financial Stability Board is expected to improve the exchange of information and coordination.<br>• The authorities report that the data collected is regularly analysed to assess shadow banking risks posed by the entities. |
| OP3 | • FCs are required to publish regular financial statements. SAMA proposes to publish aggregated quarterly information on these entities. Publication of financial statements by entities conducting securities business is voluntary (though many entities do publish their financial statement). Investment funds are required to disclose information on daily net asset value and financial statements (at least annually).<br>• Authorities report certain recent enhancements in the disclosures by listed investment funds and that a review of disclosure requirements for entities in the securities markets is underway as part of a review of the regulatory framework. |
| OP4 | • SAMA coordinated Saudi Arabia's participation in the 2015 information-sharing exercise, with CMA providing data on investment funds. EF classification was conducted; no entities were classified into EFs 3, 4 and 5.<br>• Risk mapping was partially completed.<br>• Some tools from the FSB policy toolkit were available for most entities classified into the EFs. The authorities note that the available toolkit is adequate and that there no current plans to enhance the toolkit except to develop liquidity and capital adequacy standards for real estate finance companies. |

# Singapore

| Sector size and growth | | | |
|---|---|---|---|
| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2012-2014) |
| Financial institutions | 2 | 838 | 6 |
| OFIs | 0.3 | 90 | 13 |
| Of which: Shadow banking | 0.03 | 10 | 1.4(*) |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*
*(*) Growth rate calculated for 2012-14 due to structural break in data.*

| Overseeing authority and entity types by economic function (EF) | | | |
|---|---|---|---|
| EF1 | MAS | Central bank and banking, insurance and securities regulator | Hedge funds; Fixed income funds; Other MMFs; Other funds |
| EF2 | | | Finance companies |
| EF3 | | | Broker dealers |
| EF4 | | | Credit insurers |
| EF5 | | | Special purpose vehicles (*) |

*(*) Disclosure requirements only.*

| Available policy tools | |
|---|---|
| **EF1 (Hedge funds)** | Redemption gates(D), Suspension of Redemptions (D); Imposition of redemption fees / restrictions (D); Side pockets (D) |
| **EF1 (FI funds)** | Redemption gates (D), Suspension of Redemptions (D); Imposition of redemption fees / restrictions (D); Side pockets (D); Limits on investment in illiquid assets; Limits on asset concentration; Limits on leverage; Restrictions on maturity of portfolio assets (*) |
| **EF2** | Bank-equivalent prudential regulation, Capital Requirements; Liquidity requirements; Limits on large exposures; Restrictions on types of liabilities |
| **EF3** | Bank-equivalent prudential regulation; Capital requirements; Liquidity requirements; Restrictions on use of client assets |
| **EF4** | Capital requirements; Restrictions on scale and scope of business; Enhanced risk management practices to capture tail events<br>***Other tools***: Higher capital risk charge imposed on illiquid assets that exceed a certain limit |
| **EF5** | -<br>***Other tools***: Product disclosure requirements. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants. (*) Only MMFs.

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • MAS has a legislated responsibility for financial stability. There are financial entities operating in Singapore not regulated by MAS, for example money lenders, but these are small in aggregate sector size, Money lenders are regulated under an Act administered by the Ministry of Law. MAS regularly monitors and assesses systemic risks in Singapore's financial system, including from NBFEs and activities.<br>• MAS has formalised internal governance arrangements for coordinating cross-departmental views, work and decisions on financial sector regulation, supervision and financial stability risk assessment.<br>• MAS reviews of the regulatory perimeter are triggered by internal or external concerns about a non-bank financial entity or activity. Changes to the regulatory perimeter may require promulgation/amendment of primary legislation, on which the MAS would publicly consult prior to them being tabled in parliament. Changes to the regulatory perimeter could also be made through promulgation/amendment of subsidiary legislation. |
| OP2 | • Information to assess shadow banking risks of MAS-regulated NBFEs comes from regulatory returns, commercial databases, and periodic surveys (e.g. annual Asset Management Industry Survey).<br>• Singapore received reporting relief for risk metrics in the information-sharing exercise for entities in 4 EFs. There were some gaps in availability of data to calculate risk metrics for broker dealers (e.g. asset and liability maturities, liquid assets, off-balance sheet items).<br>• Authorities are reviewing the scope and adequacy of regulatory data collections and have identified some areas where enhanced data collection could improve the assessment of shadow banking risks (e.g. composition and maturity profile of assets and liabilities).<br>• There are no domestic information-sharing constraints because MAS is a single, integrated regulator. MAS is signatory to various multilateral and bilateral MoUs that facilitate cross-border information sharing for supervisory purposes. |
| OP3 | • MAS-authorised funds are subject to prospectus disclosure requirements targeted at retail investors and their advisors. Listed entities are subject to listed company disclosure requirements.<br>• MAS' annual Financial Stability Review provides assessments of financial stability risks, including those emanating from NBFEs; it periodically features boxes on shadow banking risks in more detail. |
| OP4 | • EF classification was completed. Licensed money lenders were not classified because they generally are funded privately, do not take deposits or investments from the public and account for less than 0.1% of national financial assets, so they are not presently considered to pose shadow banking risks by the authorities.<br>• Risk mapping was completed.<br>• Some policy tools to address shadow banking risks from FSB Policy toolkit were available to address risks from entities classified under EFs, with the exception of entities classified under EF5 where no tools were available. The tools available for hedge funds were also limited. No plans to augment existing policy toolkit for classified entities though authorities report that the policy toolkit can be augmented, as necessary. |

# South Africa

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 1 | 324 | -4 |
| OFIs | 0.2 | 61 | 0.4 |
| Of which: Shadow banking | 0.1 | 27 | -5 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 FSB | Securities regulator | Money market funds; Fixed income funds; Multi-asset funds; Hedge funds |
| EF2 NCR | Other | Finance companies |
| EF3 - | - | *No entity classified* |
| EF4 FSB | Securities regulator | Credit insurers |
| EF5 SARB | Central bank | Securitisation (only by banks) |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees/ restrictions (D); Side pockets; Limits on asset concentration, Limits on leverage |
| **EF1 (FI funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees/ restrictions (D); Side pockets; Limits on asset concentration, Limits on leverage<br>***Other tools***: Risk management programme; stress testing |
| **EF2** | - |
| **EF3** | *No entities classified* |
| **EF4** | Capital requirements; Restrictions on scale and scope of business<br>***Other tools***: Asset spreading requirement, stress testing and general risk management requirements |
| **EF5** | - |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • Finance companies in South Africa are currently regulated only from a market conduct perspective. The Financial Stability Committee (FSC) within SARB plays a leading role in assessing shadow banking risks.<br>• The planned Financial Stability Oversight Committee (FSOC) will be the coordination body comprising various regulatory bodies, and support SARB in its function. The planned introduction of a 'twin peaks' supervisory model is expected to improve oversight of shadow banking risks, e.g. asset managers would be subject to prudential supervision in addition to conduct supervision.<br>• FSC in its quarterly meetings discusses non-bank financial sector risks, informed by analysis of financial soundness indicators to quantify financial sector risks.<br>• Some small specialised entities are currently not under the regulatory and supervisory perimeter. The proposed changes to the regulatory framework will enable SARB to collect data from such entities and bring them within the regulatory perimeter. |
| OP2 | • Primary sources of data for the authorities include regulatory returns. For finance companies, the FSC conducts regular surveys and publishes findings with regard to shadow banking risks. SARB and FSB have data collection powers in respect of finance companies and listed entities.<br>• Some gaps in South Africa's submission of risk metrics data observed. Lack of granular data to calculate leverage, maturity mismatches etc. identified as challenges. Legislation proposed to provide the FSC with broader data collection powers. Plans in place to improve data analyses across the collective investment scheme (CIS) industry and granularity of data for finance companies. Data for hedge funds are not yet collected, but this is planned for 2016/2017.<br>• Regular interaction and coordination between regulators takes place through quarterly trilateral meetings and monthly international coordination meetings regarding shadow banking. |
| OP3 | • Quarterly publications by the Association of Savings and Investments South Africa (ASISA) in addition to CIS fact-sheets and disclosure of daily NAV. Finance companies publish balance sheet data.<br>• Shadow banking risks in aggregated form disclosed in Financial Stability Review of SARB; FSB publishes registrars of long-term and short-term insurance in annual report. BSD annual report.<br>• Informational improvements planned for CIS in relation to retail investors under reform. Plans to enhance disclosure under review, e.g. disclosure of investment by portfolio to securitised asset, data on peer-to-peer-lenders. |
| OP4 | • SARB coordinated South Africa's participation in the 2015 information-sharing exercise. EF classification conducted, no entities classified into EF3. Entities which were not classified were not seen to carry shadow banking risks, but could be classified in future.<br>• Risk mapping was completed.<br>• Several policy tools were available for fixed income funds; the Registrar of Collective Investment Schemes has the flexibility to implement the necessary tools as and when required due to market events. For other entity types, policy tools were not available. Reform measures to give authorities powers to introduce policy tools at short notice across the financial sector under consideration. |

# Spain

| Sector size and growth | | | |
|---|---|---|---|
| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
| Financial institutions | 5 | 415 | -4 |
| OFIs | 1 | 69 | -8 |
| Of which: Shadow banking | 0.3 | 21 | -3 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CNMV | Securities regulator | Hedge funds; MMFs (VNAV); Fixed income and mixed fixed income funds; Passive management investment funds with objective of profitability; Real estate investment funds |
| EF2 | Banco de España | Central bank | Finance companies (credit financial institutions) |
| EF3 | CNMV | Securities regulator | Broker dealers |
| EF4 | Banco de España | Central bank | Mutual guarantee companies |
| EF5 | CNMV | Securities regulator | Securitisation entities |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D); Suspension of Redemptions; Redemption fees / restrictions (D); Side Pockets (D)<br>***Other tools***: Stress tests, appropriate requirement for appropriate liquidity management systems, including regular reporting on portfolio and investor concentration. |
| **EF1 (FI funds)** | Suspension of redemptions; Redemption fees / restrictions (D); Side Pockets (D); Limits on investment in illiquid assets; Liquidity buffers; Limits on asset concentration; Limits on Leverage; Restrictions on maturity of portfolio assets(*)<br>***Other tools***: Liquidity risk management, stress tests, valuation and accounting rules regarding NAV calculation, data reporting and disclosure |
| **EF2** | Capital requirements; Limits on leverage; Limits on large exposures; Restrictions on types of liabilities |
| **EF3** | Bank-equivalent prudential regulatory regimes; Liquidity requirements; Capital Requirements; Restrictions on use of client assets<br>***Other tools:*** Information requirements and conduct of business rules. |
| **EF4** | Capital requirements; Restrictions on scale / scope of business; Liquidity buffers; Mandatory risk sharing between insured and insurer. |
| **EF5** | -<br>Other tools: Increased transparency |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Only for MMFs.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • The design of the macroprudential architecture in Spain is still being finalised. Until this legislation is approved, BdE (which is responsible for financial stability in Spain) has been legally designated as the authority responsible for the macroprudential instruments foreseen in the EU solvency legislation (CRDIV/CRR).<br>• Authorities regard the regulatory perimeter in Spain as already quite wide. Emerging shadow banking risks are addressed when concerns about their systemic relevance arise. An example of a recent change to the regulatory perimeter is the development of the regulatory regime for internet platforms, which provides a framework for crowdfunding. |
| OP2 | • Data sources include: public flow of funds data, confidential regulatory reporting, and information gained through the supervisory process (e.g. AIFMD reporting on leverage and whether this may pose systemic risk). CNMV has legal powers to request any information deemed necessary to conduct its supervisory duty.<br>• Gaps in availability of risks metrics data were observed for EF1, EF2 and EF5; risk metrics data not required to be reported for EFs 3 and 4.<br>• MoUs facilitate information exchange among authorities both domestically and internationally. |
| OP3 | • Reporting and disclosure requirements for collective investment schemes (CIS) falling under EF1 are designed for micro-prudential and investor protection reasons. Various market disclosures exist, including quarterly reports to investors by CIS and Pillar III disclosure requirements by broker-dealers subject to Basel III.<br>• CNMV aggregates data on CIS and publishes quarterly statistics together with a report on the current situation and outlook for the sector. Disclosures by authorities include: quarterly bulletin of CNMV; *ad-hoc* studies and reports; semi-annual CNMV 'securities markets and their agents: situation and outlook' report; annual report of CNMV; twice-yearly financial stability reports of the BdE; and the Journal on Financial Stability (which is mainly focused on the banking system). |
| OP4 | • Authorities set up an informal working group to coordinate the shadow banking exercises submissions (particularly between BdE and CNMV).<br>• EF classification was done; entities were classified into all EFs. Five entity types and a residual category were identified under "SB not classified." Risk mapping was partially completed.<br>• Authorities see micro-prudential tools as an indirect approach to address financial stability risks.<br>• Policy tools for entities classified under the various EFs were available except in the case of entities classified under EF 5. These tools include some from the FSB Policy toolkit as well as other tools. |

# Switzerland

| Sector size and growth | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 6 | 928 | 5 |
| OFIs | 2 | 277 | 4 |
| Of which: Shadow banking | 1 | 90 | 6 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | FINMA | Integrated financial regulator | Fixed income funds; Asset allocation funds; Alternative investments funds; Money market funds |
| EF2 | Cantons (a), Federal Office of Housing(b) | Other | Consumer credit providers (a); Corporate leasing providers; Non-profit residential builders/cooperatives for affordable housing (b) |
| EF3 | FINMA | Integrated financial regulator | Security dealers |
| EF4 | FINMA(*)<br>Govt (**) Federal Housing Office (***) | Integrated financial regulator<br>Other | Insurance companies; Loan guarantee cooperatives for SMEs; Mortgage guarantee cooperatives |
| EF5 | FINMA | Integrated financial regulator | Securitisation |

($) Insurance companies; ($$) Loan guarantee cooperatives for SMEs); ($$$) Mortgage guarantee cooperatives;

| Available policy tools | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees,/ restrictions (D), Side Pockets (D), Limits on Leverage<br>***Other tools:*** Explain risks, set out clearly investment restrictions |
| **EF1 (FI funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees/ restrictions (D), Limits on investment in illiquid assets, Limits on asset concentration, Restrictions on maturity of assets |
| **EF2** | **Consumer credit companies:** Bank-equivalent prudential regulation, Capital requirements, Limits on leverage<br>**Corporate leasing companies:** Bank-equivalent prudential regulation<br>**Non-profit residential builders / cooperatives for affordable housing:** Restrictions in types of liabilities |
| **EF3** | Restrictions on use of client assets |
| **EF4** | Capital Requirements, Restrictions on scale and scope of business, Enhanced risk management practices to capture tail events<br>***Other tools:*** Liabilities must be fully covered at all times by assets or liquidity. |
| **EF5** | ***Other tools:*** If the investor/acquirer is a bank or an insurance company in Switzerland, both the Basel and Swiss Solvency Test rules apply |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

| Implementation of FSB Policy Framework | |
|---|---|
| OP1 | • The Federal Department of Finance (FDF) coordinates between FINMA (which supervises financial markets, securities dealers, insurance companies etc.) and the SNB (which monitors potential shadow banking risks). Based on an MoU, FDF, FINMA and SNB meet regularly to exchange information and views on financial stability and issues of current interest in financial market regulation.<br>• FDF created a working group of experts from FDF, FINMA and SNB, which assessed the size and the risk of the shadow banking sector.<br>• Any expansion of the regulatory perimeter requires new primary legislation. |
| OP2 | • SNB has legal power to collect OFI (flow of funds) statistics, collective capital investment statistics and banking statistics. FINMA has legal power to collect all relevant information from supervised persons and entities. Information about SB risks are analysed in regulator meetings of the authorities as well on an *ad-hoc* basis in response to current regulatory issues or conjectural concerns.<br>• Gaps in availability of risks metrics data were observed for EF1; risk metrics data not required to be reported for other EFs.<br>• FDF, SNB and FINMA share information. There are no legal impediments in exchanging information between FINMA and SNB. SNB can share statistical data with foreign authorities and international organisations in aggregated form only. An amendment of the National Banking Act, which is expected to come into force in 2016, will enable SNB to exchange confidential information with international organisations on a non-aggregated basis provided certain conditions are met. |
| OP3 | • FINMA issues periodic reports, financial statements, prospectus and key investor information documents on collective investment schemes. For banks (securitization) and securities dealers, BCBS disclosure standards are in the process of national implementation.<br>• The case study of Switzerland was published in the FSB's Global Shadow Bank Monitoring Report 2014. |
| OP4 | • FDF coordinates the work to implement the FSB Policy Framework, including the 2015 FSB Information Sharing exercise. EF classification was done; entities were classified into all EFs. Two entity types and a residual category were identified under "SB not classified." Risk mapping was completed.<br>• Some tools from the FSB policy toolkit were available for most entities classified into the EFs (except for entities classified under EF5), with some additional tools being reported for entities under EF1 and EF5. The proposed Federal Financial Services Act will also cover shadow banking entities. |

# Turkey

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 1 | 149 | 7 |
| OFIs | 0.1 | 11 | 6 |
| Of which: Shadow banking | 0.05 | 6 | 4 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | CMB | Securities regulator | Money market funds, Hedge funds, Fixed income funds, Securities investment trusts |
| EF2 | BRSA | Prudential regulator | Finance Companies |
| EF3 | - | - | *No entities classified* |
| EF4 | - | - | *No entities classified* |
| EF5 | - | - | *No entities classified* |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees/ restrictions (D); Limits on Leverage (D) |
| **EF1 (FI funds)** | Suspension of Redemptions (D), Redemption Fees/ restrictions (D); Limits on investment in illiquid assets, Limits on asset concentration, Limits on leverage, Restrictions on maturity of assets |
| **EF2** | Capital Requirements, Leverage limits<br>***Other tools***: Limits on loan to value ratio and maturity of loans; internal systems, accounting and reporting requirements |
| **EF3** | *No entities classified* |
| **EF4** | *No entities classified* |
| **EF5** | *No entities classified* |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.

| **Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • Financial authorities coordinate through the Financial Stability Committee (FSC) as well as the Financial Sector Commission and Coordination Committee. Financial regulatory and supervisory authorities also have MoUs on cooperation and information sharing.<br>• Financial Stability Committee aims to identify and mitigate emerging systemic risks including shadow banking risks and coordinate policy actions in this sense. The Committee meets almost every two months.When the Financial Stability Committee identifies new risks that demand a change in the regulatory perimeter, the relevant member institutions will initiate the regulatory process. |
| OP2 | • The primary source of data for the authorities is regulatory returns. The CMB also has direct access to the portfolios of mutual funds, pension funds, hedge funds and investment trusts. Additional information needed on collective investment schemes can be collected by CMB at any time. The authorities plan to collect more detailed information from finance companies, such as data regarding the maturity of assets and liabilities.<br>• There were significant gaps in the risk metrics data submitted by the authorities to the 2015 information-sharing exercise, especially for entities classified under EF1 (for which none of the risk metrics was calculated).<br>• In addition to MoUs with domestic authorities, the CMB is also a signatory to IOSCO's MMoU. |
| OP3 | • Disclosures by entities classified under EF1 are oriented towards investors. Finance companies disclose their financial statements and audited reports.<br>• CBRT publishes a financial stability report twice a year focused on macroeconomic perspective.<br>• The authorities indicate that existing disclosures cover all the necessary disclosure requirements for investors' decisions. There are no immediate plans for further enhancement. |
| OP4 | • CBRT coordinated Turkey's participation in the 2015 information-sharing exercise. EF classification was conducted; no entities were classified into EFs 3, 4 and 5. Risk mapping was partially completed.<br>• Each financial authority is in charge of classifying entities under their regulation/supervision into EFs, assessing the risks posed by these entities; and determining policy tools to mitigate such risks.<br>• Some policy tools from the FSB policy toolkit were available for the entities classified into EFs. Policy tools' effectiveness is evaluated regularly by CBRT and by BRSA, as part of their systemic risk analysis and monitoring activities. |

# United Kingdom

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 33 | 1172 | 0.1 |
| OFIs | 9 | 326 | 2 |
| Of which: Shadow banking | 4 | 147 | 0.2 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | FCA | Securities regulator | Fixed income funds; Hedge funds; Alternative funds; Property funds; Money market funds; Convertible bond funds; Physical ETFs |
| EF2 | FCA | Securities regulator | Non-bank mortgage lenders; Business and consumer finance companies |
| | PRA | Prudential regulator | Bank-owned finance companies |
| EF3 | FCA | Securities regulator | Broker dealers |
| | PRA | Prudential regulator | |
| EF4 | PRA | Prudential regulator | Insurance companies (financial guaranty and mortgage guaranty) |
| EF5 | PRA | Prudential regulator | Structured finance vehicles |

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees/ restrictions (D); Side pockets (D); Limits on leverage<br>***Other tools***: Stress testing, dilution levy. The fund manager has the responsibility of ensuring there is an appropriate liquidity management system and the fund's liquidity profile complies with its underlying obligations (asset/liability match). |
| **EF1 (FI funds)** | Redemption Gates (D), Suspension of Redemptions Limits on investment in illiquid assets; Limits on asset concentration, Limits on leverage<br>***Other tools***: Swing/dual pricing, dilution levy |
| **EF2** | Capital requirements; Restrictions on types of liabilities |
| **EF3** | Bank-equivalent prudential regulatory regimes; Liquidity requirements; Capital Requirements; Restrictions on use of client assets; Restrictions on types of liabilities<br>***Other tools:*** Information and disclosure requirements |
| **EF4** | Capital requirements; Restrictions on scale and scope of business(*); Enhanced risk management practices to capture tail events<br>***Other tools***: Financial guarantee insurers' net worth agreements with stronger parents |
| **EF5** | Restrictions on exposures to / funding from banks / other FIs<br>***Other tools***: Risk weights, P3 disclosures, risk transfer/retention rule, enhanced due diligence. |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants. (*) For financial guarantee insurers only

| .**Implementation of FSB Policy Framework** | |
|---|---|
| OP1 | • The Financial Policy Committee (FPC) is UK's macroprudential authority and has the statutory responsibility to identify, assess, monitor and take action in relation to systemic risk to the UK financial system, which would include risks arising from NBFEs.<br>• The FPC has committed to hold a dedicated discussion on the regulatory perimeter at least annually, and has assessed systemic risks arising from activities conducted in 30 different types of sectors outside the core banking sector. The FPC is also able to make recommendations to Her Majesty's Treasury (HMT) on the regulatory perimeter.<br>• Some finance companies and some securitisation special purpose vehicles are not currently regulated by any regulator. |
| OP2 | • In its annual risk assessment, the FPC collects data on NBFEs from multiple sources, including supervisory data, voluntary surveys, publicly available information from commercial data sources, market intelligence, and industry expertise. The PRA, part of the BoE, also has the necessary authority to collect data on an ongoing basis.<br>• Various working level committees and groups comprised of staff from the FCA, PRA, BoE, and HMT, support the FPC's responsibility for assessing risks arising from NBFEs.<br>• Gaps in availability of risks metrics data were observed for EF1, EF2, EF3 and EF5; risk metrics data not required to be reported for EF4. As part of its assessment of risks from outside the core banking system, the FPC considers whether to commission data/information collection exercises to enhance its understanding of the risks.<br>• The FCA, PRA, BoE and HMT are able to share information with each other where this is done for the purpose of carrying out their public functions and is permitted by relevant legislation (both domestic and at EU level). The UK authorities have information-sharing arrangements, some of which are underpinned by MoUs. Information can be shared cross-border in the form of a summary, provided that it is not possible to ascertain from it information relating to any particular person (including firms). |
| OP3 | • Market disclosures are generally made in response to regulatory requirements (e.g. prospectus, periodic or transactional reports), and through some general market practices (e.g. public statutory reporting).<br>• BoE and the FPC communicate aggregate information on risks in NBFEs through bi-annual FSRs, quarterly bulletins and financial stability papers, speeches, press articles etc. The FPC plans to publish the results of its deep-dives in future FSRs. |
| OP4 | • BoE coordinates the UK's participation in the information-sharing exercise. EF classification was done. Two entity types were classified outside of EFs and a residual category was identified under "SB not classified."<br>• Risk mapping was partially completed.<br>• Policy tools cover all EFs and including some tools from the FSB toolkit and some additional tools for EF1, EF3, EF4 and EF5. Policy tools limited for non-bank finance companies classified under EF2. Planned deep-dives by the FPC will consider whether additional policy measures are required to mitigate risks associated with NBFEs and activities. |

# United States

**Sector size and growth**

| | 2014 (US$ trillion) | 2014 (% of GDP) | Growth rate (%) (2011-2014) |
|---|---|---|---|
| Financial institutions | 85 | 490 | 5 |
| OFIs | 26 | 148 | 5 |
| Of which: Shadow banking | 14 | 82 | 3 |

*Note: The size of the 'shadow banking' sector in the jurisdiction-specific summaries represents the financial assets of entities classified into EFs and of entities in the 'shadow banking not classified' category. The shadow banking and OFI sectors are not mutually exclusive categories, as shadow banking is largely contained in OFI.*

**Overseeing authority and entity types by economic function (EF)**

| | | | |
|---|---|---|---|
| EF1 | SEC | Securities regulator | Bond funds; MMFs; Mortgage real estate investment funds; Bond ETFs; Credit hedge funds; Other funds |
| EF2 | FRB | Central bank | Finance companies(*) |
| EF3 | SEC | Securities regulator | Broker dealers; funding corporations |
| EF4 | State insurance commissions | Other | Financial guaranty insurers; Mortgage guaranty insurers |
| EF5 | SEC | Securities regulator | Structured finance vehicles |

(*) Only finance companies designated as systemically important are supervised by the Federal Reserve and subject to bank prudential regulatory regimes

**Available policy tools**

| | |
|---|---|
| **EF1 (Hedge funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees,/ restrictions (D), Side Pockets, ,Limits on investment in illiquid assets (D), Limits on Asset Concentration (D), Limits on Leverage(#), Restrictions on maturity on portfolio of assets(D) |
| **EF1 (FI funds)** | Redemption Gates (D), Suspension of Redemptions (D), Redemption Fees/ restrictions (D), Side Pockets (D)<br>***Other tools:*** Disclosure requirements |
| **EF2** | - (*) |
| **EF3** | Liquidity requirements, Capital requirements, Restrictions on use of client assets |
| **EF4** | Capital Requirements, Restrictions on scale and scope of business, Enhanced risk management practices to capture tail events |
| **EF5** | Restrictions on exposures to or funding from banks / OFIs(**)<br>***Other tools:*** Restrictions on issuers imposed by FASB, NRSROs |

**Note:** (1) "Other tools" refers to tools available with jurisdictions which are not part of the toolkit in the FSB Policy Framework; (2) tools marked as "D" are those which are available at the discretion of market participants.
(*) Many large finance companies are under the consolidated supervision of the Federal Reserve due to their registration as other entities (e.g. Savings and Loan Holding Companies). (**) Bank capital rules may impact (a) bank demand for CMBS investments and (b) the financing and leverage available to non-bank investors who would invest in CMBS using bank or dealer financing.

**Implementation of FSB Policy Framework**

| | |
|---|---|
| OP1 | • Institutional arrangements for regulation of NBFEs spread across FRB, SEC and state insurance regulators. Initiatives underway to enhance regulation of NBFEs, e.g. enhance liquidity management by open-ended funds.<br>• The inter-agency Financial Stability Oversight Council (FSOC) discusses financial stability issues. The FSOC has many of the same objectives as the FSB but does not itself seek to implement the FSB policy framework; rather, the individual member agencies of the Council are responsible for considering the FSB policy framework. Treasury's Office of International Affairs (IA) has played the role of coordinator among agencies.<br>• FSOC has the power to designate certain nonbank financial institutions for prudential standards and consolidated supervision by FRB and to make recommendations to primary financial regulatory agencies to apply new heightened standards and safeguards for financial activities. The Office of Financial Research (OFR) under the US Treasury support FSOC and its member agencies by carrying out data collection, research and analysis. |
| OP2 | • FSOC, acting through the OFR, may require the submission of periodic and other reports from any nonbank financial company or bank holding company for the purpose of assessing the extent to which the nonbank financial company or bank holding company, or a financial activity or financial market in which it participates poses a threat to the financial stability of the United States.<br>• OFR uses data collected from member agencies, commercial data providers, publicly available data sources and financial entities. OFR has the authority to require financial companies to submit data as necessary to fulfil its mandate.<br>• FSOC identified in its 2015 annual report challenges to data quality, collection and sharing as a potential vulnerability.<br>• Legal and cultural barriers to exchanging critical micro- and macro-prudential information, both across borders and across supervisory functions, identified as challenge to assessment and analysis of risks to financial stability posed by NBFEs. |
| OP3 | • Disclosures by NBFEs focus on helping investors make an investment decision.<br>• FSOC and OFR annual reports and OFR research papers provide data on NBFE activities and risks. FSOC publishes public bases of its designations of nonbank financial companies for enhanced prudential standards and Federal Reserve supervision. Along with the rules and guidance for designation, these provide market participants with a framework for assessing risks more broadly. Recently, SEC has proposed enhancement of investment funds disclosures, requesting public comment on whether enhanced information collection would help both regulators and market participants better assess potential risks across a range of areas. |
| OP4 | • EF classification conducted with entities classified across 5 EFs. Risk mapping partially completed.<br>• Some policy tools available except for entities classified into EF2. In its annual report, the OFR analyses effectiveness of policy tools in addressing risks to financial stability. |