FSB- G20 - MONITORING PROGRESS – the United States September 2011

# *# in brackets are # from the 2010 template*		G20/FSB RECOMMENDATIONS		DEADLINE	PROGRESS TO DATE *Explanatory notes:* *In addition to information on progress to date, specifying steps taken, please address the following questions:* *1. Have there been any material differences from relevant international principles, guidelines or recommendations in the steps that have been taken so far in your jurisdiction?* *2. Have the measures implemented in your jurisdiction achieved, or are they likely to achieve, their intended results?* *Also, please provide links to the relevant documents that are published.*	PLANNED NEXT STEPS *Explanatory notes:* *Timeline, main steps to be taken and key mileposts (Do the planned next steps require legislation?)* *Are there any material differences from relevant international principles, guidelines or recommendations that are planned in the next steps?* *What are the key challenges that your jurisdiction faces in implementing the recommendations?*
I. Improving bank capital and liquidity standards						
1	(Pitts)	Basel II Adoption	All major G20 financial centres commit to have adopted the Basel II Capital Framework by 2011.	By 2011	The U.S. is implementing Basel II. The U.S. banking agencies published their rule implementing the advanced approaches of Basel II in 2007, effective on April 1, 2008. The rule focuses on the largest, internationally active institutions for which the Basel II advanced approaches are appropriate. The rule currently applies to 19 U.S. bank holding companies, subject to advanced approaches, covering approximately 75% of assets in the U.S. banking system. In mid-2010, nine banking organizations entered parallel runs and the agencies expect at least an additional four banking organizations to be in parallel run by 2012 depending, in part, on when they became subject to the rule. Four other banking organizations are more recently subject to the rule and accordingly have later implementation schedules. The U.S. rule requires major banking organizations to implement all aspects of the advanced approaches before beginning the parallel run, which imposes significant costs for these banks. U.S. banks have already raised substantial capital following the Supervisory Capital Assessment Program. The Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (Public Law 111-203, H.R. 4173) was signed into law on July 21, 2010.	As U.S. firms proceed with the parallel run, supervisors will assess whether firms' systems, models, and data are adequate to qualify them to transition to Basel II. If firms qualify to transition on to Basel II, they will be subject to a permanent floor that is equal to the generally applicable capital rules (100 percent of the Basel I-based capital rules) that are applicable to all banks as contained in Section 171 of the Dodd-Frank Act.

					Certain sections take effect immediately, and other provisions will be implemented with delayed dates of entry into force. The banking agencies are working on rulemakings to implement the Basel Committee's 2009 enhancements, although these rulemakings are complicated by the Dodd-Frank Act's prohibition on references to credit ratings in regulations.	
2	(FSB 2009) (Tor)	Basel II trading book revision	Significantly higher capital requirements for risks in banks' trading books will be implemented, with average capital requirements for the largest banks' trading books at least doubling by end-2010. We welcomed the BCBS agreement on a coordinated start date not later than 31 December 2011 for all elements of the revised trading book rules.	By end-2011	Basel market risk revisions were published in July 2009 and the U.S. agencies are working to incorporate them into their capital rules. The implementation of the market risk revisions is complicated by the Dodd-Frank Act's requirements to remove reference to credit ratings in regulations. The banking agencies published an Advance Notice of Proposed Rulemaking (ANPR) on alternatives to the use of credit ratings in regulations in the Federal Register on August 25, 2010. The comment period closed on October 25, 2010. On January 11, 2011, the banking agencies published an NPR to revise their market risk capital rules to better capture risk in the trading book. The comment period for market risk capital rules closed on April 11, 2011.	The U.S. agencies anticipate issuing a final rule implementing the trading book revisions shortly. The U.S. agencies also intend to issue a proposal to remove references to rating agency ratings from bank capital rules as part of the upcoming Basel III NPR.
3 (5, 6, 8)	(Seoul)	Adoption and implementation of international rules to improve bank capital and liquidity standards (Basel III); including leverage ratios (Note) Please explain developments in i) capital standards, ii) liquidity standards and iii) leverage ratios respectively.	We are committed to adopt and implement fully these standards (Basel III) within the agreed timeframe that is consistent with economic recovery financial stability. The new framework will be translated into our national laws and regulations, and will be implemented starting on January 1, 2013 and fully phased in by January 1, 2019.	January 1, 2013 and fully phased in by January 1, 2019.	The Basel III framework agreement that was just reached, and other Basel III proposals, must be fully implemented through national regulations by the end of 2012. The United States is committed to meeting these deadlines.	U.S. agencies expect to release a Notice of Proposed Rulemaking (NPR) in 2011 to implement Basel III, including the Basel III leverage ratio. This will be followed by the issuance of a final rule in 2012 in order to meet the implementation timeline of January 1, 2013.
4 (4, 7, 9, 48)	(WAP)	Strengthening supervision and guidelines on banks' risk management	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in	Ongoing	Supervisors conducted a horizontal review of banks' capital planning processes to ensure that banks have adequate capital to remain viable in a worse-than-expected economic environment, including stress	Supervisory reviews are ongoing, with a focus on requiring bank organizations to have sound capital planning policies and

	(FSF 2009) (FSF 2008) (FSB 2009)	practices	line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. 1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement. II.10 National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.		testing against credible adverse macroeconomic scenarios. Stress testing forms one part of enhanced supervision under the Dodd-Frank Act (DFA). The DFA requires one supervisory stress test per year to be conducted by the Federal Reserve on banks with more than $50 billion in consolidated assets and/or banks designated for heightened supervision and two stress tests per year by large firms. The DFA requires both banks and supervisors to disclose results, although the exact nature of that disclosure is still subject to rule making. On March 22, 2010, U.S. supervisors issued the final interagency guidance on funding and liquidity risk management. The policy statement emphasizes the importance of cash flow projections, diversified funding sources, stress testing, a cushion of liquid assets, and a formal, well developed contingency funding plan as primary tools for measuring and managing liquidity risk. In the spring of 2011, Federal Reserve completed a Comprehensive Capital Analysis and Review (CCAR), a cross-institution study of the capital plans of the 19 largest U.S. bank holding companies. The CCAR involved a forward-looking, detailed evaluation of capital planning and stress scenario analysis at the 19 large bank holding companies. As part of the CCAR, the Federal Reserve assessed the firm's ability, after taking into account the proposed capital actions, to maintain sufficient capital levels to continue lending in stressed economic environments, including under an adverse scenario specified by the Federal Reserve. The Dodd-Frank Act requires the Federal Reserve to conduct annual stress tests for all systemically important companies and publish a summary of the results. Additionally, the Act requires that these systemically important companies and all other financial companies with $10 billion or more in assets that are regulated by a primary Federal financial regulatory agency conduct semi-annual or annual	decisional processes for determinations regarding dividend, as well as the redemption and repurchase of common stock and other tier 1 capital instruments. Regulators are writing rules governing stress tests under the DFA. The deadline for implementation of rules governing stress tests is January 17, 2012. U.S. agencies are incorporating the guidance into the supervisory process. U.S. supervisors continue to monitor the liquidity risk profiles of all banks via the field examination staff. They also collect liquidity data at large and regional banks on a daily or monthly basis. On June 15, 2011, U.S. banking supervisors published proposed guidance on stress testing applicable to all banking organizations with more $10 billion in consolidated assets

					(respectively) internal stress tests and publish a summary of the results.	
II. Addressing systemically important financial institutions (SIFIs)						
5 (19)	(Pitts)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards.	Ongoing	The Dodd-Frank Act modifies U.S. regulatory framework by creating the Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, with the authority to determine that a nonbank financial company shall be supervised by the Board of Governors and subject to prudential standards if the Council determines that material financial distress at the nonbank financial company, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the nonbank financial company, could pose a threat to the financial stability of the United States.	The FSOC issued a second notice of proposed rulemaking and proposed guidance on October 11, 2011.
6 (43, 44)	(Pitts) (Seoul)	Mandatory international recovery and resolution planning for G-SIFIs	Systemically important financial firms should develop internationally-consistent firm-specific contingency and resolution plans. Our authorities should establish crisis management groups for the major cross-border firms and a legal framework for crisis intervention as well as improve information sharing in times of stress. We agreed that G-SIFIs should be subject to a sustained process of mandatory international recovery and resolution planning. We agreed to conduct rigorous risk assessment on G-SIFIs through international supervisory colleges and negotiate institution-specific crisis cooperation agreements within crisis	End-2010 (for setting up crisis management groups) Ongoing	The banking agencies have actively participated in drafting and commenting on the documents included in the Key Attributes of Effective Resolution Regimes for Financial Institutions that was approved by the FSB Plenary in Oct. 2011. CMG meetings have been held with major U.S. banking firms and their significant host regulators (see #43). The U.S. firms submitted initial recovery plans to U.S. regulators on August 16, 2010. U.S. regulators reviewed the plans and are working with the firms to further refine them.	Information from the recovery plans will help to inform the U.S. regulators in developing and maintaining firm-specific resolution plans.

	(Lon)		management groups. To implement the FSF principles for cross-border crisis management immediately. Home authorities of each major financial institution should ensure that the group of authorities with a common interest in that financial institution meets at least annually.			
7 (45)	(Seoul) (Tor) (WAP)	Implementation of BCBS recommendations on the cross-border bank resolution	We reaffirmed our Toronto commitment to national-level implementation of the BCBS's cross-border resolution recommendations. We endorsed and have committed to implement our domestic resolution powers and tools in a manner that preserves financial stability and are committed to implement the ten key recommendations on cross-border bank resolution issued by the BCBS in March 2010. National and regional authorities should review resolution regimes and bankruptcy laws in light of recent experience to ensure that they permit an orderly wind-down of large complex cross-border financial institutions.	Ongoing	The Dodd-Frank Act created new authority to resolve nonbank financial institutions, similar to that which the FDIC has with regard to insured banks, whose failure could have serious systemic effects. Additionally, legislation requires resolution plans for all large bank holding companies and non-bank financial companies subject to heightened supervision by the Federal Reserve. Title II of the Dodd-Frank Act allows the FDIC to be appointed as receiver for nonbank financial firms, the failure of which could cause systemic risk to the U.S. economy. Under the Dodd-Frank Act framework, the FDIC can create a bridge firm in order to maximize value in an orderly liquidation process for a financial group. While Title II became effective upon signing, the FDIC drafted regulations for the implementation of its authority under Title II to provide clarity on how the FDIC would implement a resolution under the Dodd-Frank Act. A first set of interim final rules was adopted in January 2011. A second set of rules was proposed in March 2011, and a final rule was approved in July 2011.	The FRB and FDIC are finalizing issuance of a rule implementing the resolution plan provision in the legislation which is due 18 months from enactment. On September 21, 2011, the FDIC adopted an interim rule requiring an insured depository institution with $50 billion or more in total assets to submit to the FDIC a contingency plan for the resolution of such institution in the event of its failure. Comments are due by November 21, 2011.

	(FSF 2008)		VI.6 Domestically, authorities need to review and, where needed, strengthen legal powers and clarify the division of responsibilities of different national authorities for dealing with weak and failing banks.			
8 (41)	(Lon) (Seoul)	Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges …	June 2009 (for establishing supervisory colleges) Ongoing	Supervisory colleges for significant U.S. cross-border banking firms have been established and in-person as well as conference call meetings are held regularly. U.S. state insurance and banking regulators have participated in nine supervisory colleges for internationally active insurance groups. U.S. insurance regulators are convening three colleges and five others are in the discussion phase. Crisis Management Group (CMG) meetings to discuss crisis management, recovery, and resolution planning have been held for major U.S. banking institutions that also have core colleges (see #41). CMG meetings with significant host supervisors have been held regularly since January 2010.	The U.S. CMGs will continue to meet on a multi- and bi-lateral basis with key host supervisors to address outstanding resolution issues identified at the July 2010 meeting. U.S. interagency staff followed up on issues raised at the July 2010 meeting ahead of further discussions with host supervisors. The next meeting of the U.S. CMGs is planned for January 2012.
9 (42)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels.	Ongoing	Supervisory colleges for significant U.S. cross-border banking firms have been established and are holding in-person as well as conference call meetings.	Ongoing – supervisory colleges will continue to meet and exchange information on a regular basis.
10 (New)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and	Ongoing	Under national legislation, including the Dodd-Frank Act, supervisors have a strong mandate, independence, and well-stocked toolboxes of powers to address risks, including stress-testing and early intervention under the heightened prudential standards provided in Dodd-Frank.	A heightened prudential standards regulation will implement the statutory language. Ongoing participation in colleges and major International policy

			powers to proactively identify and address risks, including regular stress testing and early intervention.		Supervisors are exchanging information and improving coordination in a number of ways, e.g., through the supervisory colleges, through participation in all of the major international efforts to improve supervisory responses to developments that have a common effect across a number of institutions.	efforts.
III. Extending the regulatory perimeter to entities/activities that pose risks to the financial system						
11 (27)	(Lon)	Review of the boundaries of the regulatory framework	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level.	Ongoing	The FSOC has authority to expand the U.S. regulatory perimeter by designating the largest, most interconnected nonbank firms for heightened prudential standards and supervision by the Federal Reserve.	The FSOC has proposed a rule regarding the criteria and process for designating nonbank financial firms. FSOC issued a second more detailed proposal on this framework, with interpretive guidance on October 11, 2011 for public comment.
12 (30)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks.	Ongoing	Ongoing.	Ongoing.
Hedge funds						
13 (33)	(Seoul) (Lon)	Regulation (including registration) of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds, … Hedge funds or their managers will be registered and will be	End-2009	Operators and managers of commodity pools are required to register with the CFTC as Commodity Pool Operators, and those who make trading decisions on a pool's behalf must register with the CFTC as Commodity Trading Advisors. Certain exemptions from registration apply, however, including for operators of pools that accept no more than 15 participants or are "otherwise regulated" as an SEC-registered investment company, as well as operators of pools that have limited futures activity or that restrict participation to sophisticated persons. Pursuant to legislation passed by Congress, CFTC and SEC staff have jointly proposed regulations for public comment that establish the form and content of the	On January 26, 2011, the CFTC and SEC jointly proposed rules that would require certain private fund advisers to maintain records and certain private fund advisers to file non-public information designed to assist the Financial Stability Oversight Council in its assessment of systemic risk in the U.S. financial system. Under the proposal, each private fund adviser would file certain basic information annually, and certain large private advisers (*i.e.* those advisers managing hedge funds

			required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.		reports that dual-registered investment advisers to private funds are required to file. The regulations will require investment advisers to maintain records and may require them to file information related to: use of leverage; counterparty credit risk exposure; trading and investment positions; valuation policies and practices of the advised fund(s); types of assets held; side arrangements or side letters; trading practices; and any other information deemed necessary. Reports of dual registrants are expected to be filed SEC and made available to the CFTC.	that collectively have at least $1 billion in assets as of the close of business on any day during the reporting period for the required report) would file basic information each quarter along with additional systemic risk related information concerning certain of their private funds. The comment period closed on April 12, 2011, and the CFTC and SEC plan to finalize the rules this fall. Recordkeeping and reporting requirements will include disclosure of: (i) assets under management; (ii) use of leverage; (iii) counterparty credit risk exposure; (iv) trading and investment positions; and (v) trading practices, as well as other specified information. The Dodd-Frank Act provides for a one-year transition period from the date of enactment before the private fund adviser registration and recordkeeping/disclosure obligations go into effect. The SEC will engage in rulemaking to implement certain provisions.
14 (34)	(Lon)	Effective oversight of cross-border funds	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures	End-2009	SEC staff chairs an IOSCO task force that is exploring generally mechanisms for supervisory cooperation. The SEC and CFTC participate in the IOSCO Task Force on Unregulated Entities. As part of this effort, the SEC and CFTC staffs conducted a global survey of hedge fund managers as of September 30, 2010. The results of the survey have been provided to the FSB.	

			that implement these principles by the end of 2009.			
15 (35)	(Lon)	Effective management of counter-party risk associated with hedge funds	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures.	Ongoing	The Dodd-Frank Act generally requires all advisers to hedge funds (and other private pools of capital, including private equity funds) whose assets under management exceed $100 million to register with the SEC. The Act authorizes the SEC to impose recordkeeping and reporting requirements on not only those advisers required to register, but also certain other private fund advisers (i.e. advisers to venture capital funds). The recordkeeping and reporting requirements are designed to require private fund advisers to report information on the funds they manage that is sufficient to assess whether any fund poses a threat to financial stability.	See item 13 above for details on joint SEC and CFTC finalization of rules regarding systemic risk reporting by private fund advisers.
16 (36)	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	U.S. supervisors continue to monitor credit exposure to hedge funds.	
Securitisation						
17 (50)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	During 2010, supervisors and regulators will: • implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish clear rules for banks' management and disclosure; • implement IOSCO's proposals to strengthen practices in securitisation markets.	During 2010	In April 2010, the SEC proposed revisions to its rules relating to ABS shelf eligibility. In July 2010, US Congress passed the Dodd-Frank Act, which requires rulemaking to implement further changes related to the offering of securitized products in the United States. Section 943 of the Dodd-Frank Act requires issuers of ABS to disclose the history of the requests they received and repurchases they made related to their outstanding ABS. The SEC approved final rules to implement Section 943 on January 20, 2011. The final rules require ABS issuers to file with the SEC, in tabular format; the history of the requests they received and repurchases they made relating to their outstanding ABS. The table will provide comparable disclosures so that investors may identify originators with clear underwriting deficiencies. The SEC also adopted final rules to implement Section 945 of the Dodd-Frank Act, which requires ABS issuers to review assets underlying the ABS and to disclose the	The SEC adopted new rules related to ABS in January and August 2011. Implementation is ongoing.

					nature of the review. In July 2011, the SEC issued a follow up re-proposal to the April 2010 proposal on ABS shelf eligibility. As part of this re-proposal, the SEC solicited comments on provisions requiring issuers of private ABS to represent that they will make the same information available to investors that would be provided if the securities were publicly registered. The July 2011 re-proposal also solicited comments on whether the April 2010 proposal appropriately implemented Section 942(b) of the Dodd-Franck Act with regard to the disclosure of asset-level or loan-level data for ABS, if such data are necessary for investors to independently perform due diligence. In August 2011 the SEC adopted final rules to implement Section 942 of the Dodd Frank Act to eliminate the automatic suspension of Exchange Act reporting obligations for ABS issuers as long as securities are held by non-affiliates of the issuer. Also pursuant to Section 942, the SEC adopted rules to allow for the suspension of reporting obligations for ABS issuers for a semi annual period if there are no longer any ABS of the class sold in a registered transaction held by non-affiliates of the issuer. In April 2010, IOSCO issued its *Disclosure Principles for Public Offerings and Listings of Asset-backed Securities*.	
18 (51, 52)	(Lon) (Pitts)	Improvement in the risk management of securitisation, including retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus	By 2010	Section 941(b) of the Dodd-Frank Act requires federal banking agencies and the SEC to jointly prescribe regulations that require securitizers of ABS, by default, to maintain 5% of the credit risk in assets transferred, sold or conveyed through the issuance of ABS. To implement this, the SEC and other Federal agencies proposed rules in March 2011 relating to credit risk retention requirements. The proposed rules would permit a sponsor to retain an economic interest equal to at least 5% of the credit risk of the assets collateralizing an ABS issuance. The proposed rules would also permit a sponsor to choose from a menu of retention options, with disclosure requirements	

			encouraging them to act prudently.		specifically tailored to each form of risk retention.	
19 (10)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	The New York Department of Insurance considered legislation to revise oversight of financial guaranty insurers, which would have served as the basis for additional state activity in this area. This legislative response was in addition to increased monitoring and supervision of financial guaranty insurers that is ongoing. The New York Department of Insurance has taken proactive steps to ensure that other relevant state insurance department regulators remain current and up-to-date on the solvency of financial guaranty insurers through quarterly updates and interstate regulatory communication. However, the market has contracted such that there is only one active writer of financial guaranty insurance focusing primarily on municipal bond insurance coverage (and not structured products) and consequently there has not been a need for legislative revisions at this time.	State insurance regulators are closely monitoring, and collaborating on supervision of financial guaranty insurers. Given the current scrutiny and the significant market contraction into more traditional bond insurance coverage, there is no additional legislative or regulatory changes anticipated at this time.
20 (54)	(FSF 2008)	Strengthening of supervisory requirements or best practices fir investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	The NAIC has changed the process by which NAIC Designations are assigned for each individual structured security investment held by an insurance company, primarily RMBS and CMBS. This was an important change as NAIC Designations are mapped to Risk-Based Capital Factors and Asset Valuation Reserve Requirements. Now each individual RMBS and CMBS is modelled on an annual basis, using current economic and market assumptions under five different scenarios to determine a probability and magnitude of loss. The second aspect of the new process is that the resulting expected recovery value is then used by each company to compare with their individual carrying value for that security. The relationship between the carrying value and expected recovery value determines the NAIC Designation and the resulting RBC factor. The new process is more transparent, provides for an increased level of regulatory oversight and results in a more accurate assessment of the individual insurance company's investment risk for their specific holding. In addition to this, the NAIC has increased its ongoing review of	Given the increased volatility among certain asset classes, the NAIC is also considering possible refinements to its current Risk-Based Capital Factors for assets. The review will need to balance the potential benefits of increased granularity with the shortcomings of additional complexity. While the review is across all asset classes, attention will be paid to the wide divergence in performance between different types of structured securities.

					industry-wide exposures and reports on that to various regulatory groups within the NAIC.	
21 (14)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	In April 2010, the SEC proposed revisions to its rules relating to ABS shelf eligibility. In July 2010, US Congress passed the Dodd-Frank Act, which requires rulemaking to implement further changes related to the offering of securitized products in the United States. Section 943 of the Dodd-Frank Act requires issuers of ABS to disclose the history of the requests they received and repurchases they made related to their outstanding ABS. The SEC approved final rules to implement Section 943 on January 20, 2011. The final rules require ABS issuers to file with the SEC, in tabular format, the history of the requests they received and repurchases they made relating to their outstanding ABS. The table will provide comparable disclosures so that investors may identify originators with clear underwriting deficiencies. The SEC also adopted final rules to implement Section 945 of the Dodd-Frank Act, which requires ABS issuers to review assets underlying the ABS and to disclose the nature of the review. In July 2011, the SEC issued a follow up or re-proposal to the April 2010 proposal on ABS shelf eligibility. As part of this re-proposal, the SEC solicited comments on provisions requiring issuers of private ABS to represent that they will make the same information available to investors that would be provided if the securities were publicly registered. The July 2011 re-proposal also solicited comments on whether the April 2010 proposal appropriately implemented Section 942(b) of the Dodd-Franck Act with regard to the disclosure of asset-level or loan-level data for ABS, if such data are necessary for investors to independently perform due diligence. In August 2011 the SEC adopted final rules to implement Section 942 of the Dodd Frank Act to eliminate the automatic suspension of Exchange Act reporting obligations for ABS issuers as long as securities are held by non-affiliates of the issuer. Also pursuant to Section 942, the SEC adopted rules to	The SEC adopted new rules related to ABS in January and August 2011. Implementation is ongoing.

					allow for the suspension of reporting obligations for ABS issuers for a semi annual period if there are no longer any ABS of the class sold in a registered transaction held by non-affiliates of the issuer. In April 2010, IOSCO issued its *Disclosure Principles for Public Offerings and Listings of Asset-backed Securities*.	
IV. Improving OTC derivatives markets						
22 (17, 18)	(Seoul) (Pitts) (Lon)	Reforming OTC derivative markets, including the standardisation of CDS markets (e.g. CCP); and trading of all standardized OTC derivatives on exchanges, clearing and trade repository reporting.	We endorsed the FSB's recommendations for implementing our previous commitments in an internationally consistent manner, recognizing the importance of a level playing field. All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements. We will promote the standardization and resilience of credit derivatives markets, in particular through the establishment of central clearing counterparties subject to effective regulation and supervision.	By end-2012 at the latest	*Clearing:* Title VII of the Dodd-Frank Act requires that all swaps and security-based swaps that are determined by the CFTC or SEC, as applicable, to be required to be cleared be cleared through a clearing organization that is registered with the CFTC or SEC, as applicable or exempt from registration. The Dodd-Frank Act also requires that all clearing organizations that clear swaps or security-based swaps, including credit default swaps (CDS), be registered with the CFTC and/or SEC, as applicable. The CFTC adopted on July 19, 2011 a regulation that establishes procedures for the review of a swap, or group, category, type, or class of swaps (collectively, ''swaps'') to make a determination as to whether the swaps should be required to be cleared. Specifically, the regulation implements procedures for determining the eligibility of a derivatives clearing organization (DCO) to clear swaps that it plans to accept for clearing; for DCOs submitting swaps to the Commission for review; for Commission-initiated reviews of swaps; and for staying a clearing requirement while the clearing of a swap is reviewed. To receive a determination of eligibility to clear a swap, a DCO must file a written request with the Commission that addresses its ability to maintain compliance with the core principles for DCOs set out in Section 5b(c)(2) of the Commodity Exchange Act if it accepts the swap for clearing, specifically: (1) the sufficiency of its financial resources; and (2) its ability to manage the risks associated with clearing the swap, especially if the Commission determines that the swap is required to be cleared.	The CFTC and the SEC have proposed rules relating to clearing, trading and reporting to SDRs, among other things. *Clearing:* The SEC is currently working to implement the mandatory clearing regime established by Title VII of the Dodd-Frank Act, including the standards applicable to clearing agencies offering security-based swap CCP services. *Trading:* The SEC is currently working to implement the mandatory trading requirement established by Title VII of the Dodd-Frank Act, including the rules pertaining to the establishment, registration and regulation of SSEFs. *Swap Execution Facilities:* The CFTC extended this initial comment period until June 3, 2011 as part of its global extension of comment periods for various rulemakings. Subsequently, the CFTC opened an additional comment period, which ended on June 10, 2011, to provide the public an opportunity to comment on its phased implementation of

			We call on the industry to develop an action plan on standardisation by autumn 2009.		The SEC has proposed rules establishing standards for the operation and governance of clearing organizations, including clearing agencies that clear security-based swaps that perform central counterparty (CCP) services. The SEC also has proposed rules regarding the process for security-based swaps to be submitted to the SEC for mandatory clearing determinations. *Standardization of CDS Markets:* Two U.S.-based clearing organizations (ICE Clear Credit LLC and the Chicago Mercantile Exchange Inc.) and one United Kingdom-based clearing organization (ICE Clear Europe, Limited) are registered with the SEC for purposes of clearing security-based swaps. These clearing organizations may help foster the central clearing for CDS in order to help reduce counterparty risks in the CDS market. *Trading of Standardized OTC Derivatives:* Title VII of the Dodd-Frank Act requires that swaps and security-based swaps that are required to be cleared by a registered or exempt clearing organization and that have been made available to trade by a swap execution facility ("SEF"), Designated Contact Market ("DCM"), security-based swap execution facility ("SSEF") or exchange be traded on a SEF, DCM, SSEF or exchange. The CFTC proposed for public comment on January 7. 2011 regulations, guidance and acceptable practices regarding the obligations of swap execution facilities (SEFs) to comply with the applicable provisions of the Commodity Exchange Act (CEA), as amended by the Dodd-Frank Act, including the registration requirements and the fifteen core principles set out in the Dodd-Frank Act. The proposal takes into account the goals set out under the Dodd-Frank Act: to promote the trading of swaps on SEFs and to promote pre-trade price transparency in the swaps market. The trading of OTC derivative contracts on centralized venues support such goals. The initial comment period for the proposal ended on March 8, 2011. The CFTC proposed on December 22, 2010 for public	the CEA, as amended, including its implementation of Section 733 of Dodd-Frank Act. CFTC staff is currently reviewing all comments received during these periods. *Designated Contract Markets:* The proposed rulemaking was subject to a 60 day comment period, and closed on February 22, 2011. The CFTC subsequently re-opened the comment period on March 18, 2011, and again on May 4, 2011, each time for an additional 30 days. CFTC staff is currently reviewing all comments received with respect the proposed rule. *Trade Repository Reporting:* The SEC is currently working to implement the rules pertaining to the registration and regulation of Security-based Swap Data Repository (SSDRs) and how security-based swap transactions are submitted to and disseminated to the public by registered SSDRs. *Reporting:* On September 1, 2011, the CFTC published the final SDR registration rules in the Federal Register; these rules will become final on October 31, 2011. *Capital Requirements:* On May 12, 2011, the CFTC proposed for public comment regulations that establish capital requirements that (i) help ensure the safety and soundness of the swap dealer and major swap participant and (ii) are appropriate for the risk associated with non-cleared swap positions

					comment, new and amended regulations, guidance and acceptable practices pertaining to the designation and operation of contract markets. The proposed rulemaking implements the new and revised core principles that were enacted by Congress under The Dodd-Frank Act. In addition to the new and revised core principles, the Dodd-Frank Act provided a new statutory framework that, among other things, requires that all swaps that are subject to the clearing requirement be executed on a swap execution facility or a DCM, with limited exceptions. The CFTC's proposed rulemaking provide the mechanism by which DCMs can list, trade and execute swaps in a manner consistent with the Commodity Exchange Act, as amended by the Dodd-Frank Act. In February 2011, the SEC proposed rules defining SSEFs, establishing their registration requirements with the SEC, and defining their duties and core principles. The Dodd-Frank Act's trading requirement and the rules pertaining to SSEFs are intended to provide more transparency and reduce systemic risk within the security-based swap market. *Trade Repository Reporting:* The Dodd-Frank Act requires that parties to all cleared and uncleared swaps and security-based swap transactions report information about each transaction to swap data repository (SDR) or security-based swap data repositories (SSDRs) that are registered with the CFTC and SEC, respectively, and that registered SDRs and SSDRs publicly disseminate certain information in a timely fashion. The CFTC proposed rules on December 23, 2010 setting forth procedures and substantive requirements for SDR registration. Among other things, the procedures proposed by the CFTC for SDR registration include annual filing requirements, registration of repositories and successor entities, governance rules, and procedures applicable to SDRs located in foreign jurisdictions. In November 2010, the SEC proposed rules	held by a swap dealer or major swap participant. Staff is reviewing the comments that have been received to date for the proposed rules. The SEC currently is working to propose the capital rules required under the Dodd-Frank Act.

					concerning the registration and regulation of SSDRs and how security-based swaps are submitted to and disseminated to the public by registered SSDRs. *Capital Requirements for Uncleared Contracts:* The Dodd-Frank Act requires that persons that are designated as swap dealers (SDs), security-based swap dealers (SBSDs), major swap participants (MSPs), and major security-based swap participants (MSBSPs) be subject to capital requirements to be adopted by the CFTC (in the case of SDs and MSPs) and the SEC (in the case of SBSDs and MSBSPs) in order to offset the greater risk to which they are exposed as a result of swaps and security-based swaps that are not cleared.	
V. Developing macro-prudential frameworks and tools						
23 (25)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk.	Ongoing	The Financial Stability Oversight Council (FSOC), chaired by the Secretary of the Treasury, has broad accountability to identify emerging risks to improve financial stability, to improve regulatory coordination and to identify market participants that require heightened supervision. The Dodd-Frank Act also gives the Federal Reserve and other regulators authority to take into account macro-prudential considerations in their regulation of financial firms.	The FSOC continues to work to identify, analyze and coordinate responses to threats to financial stability. On July 22, the FSOC issued its first annual report that identifies emerging threats to financial stability. The Federal Reserve also has begun to incorporate macro-prudential considerations in its regulation and supervision of banking firms.
24 (26)	(Lon)	Powers for gathering relevant information by national regulators	Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much	Ongoing	U.S. regulatory agencies already have extensive authority to gather information from firms they regulate. Regulatory reform legislation has expanded authority in many areas, for example by authorizing the council (working through the SEC) to gather information from private pools of capital. The Dodd-Frank Act authorized the U.S. Treasury's Office of Financial Research, which has broad authority to collect data.	

			consistency as possible across jurisdictions.			
25 (28)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level… Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.	End-2009 and ongoing	The Federal Reserve initiated a quarterly Senior Credit Officer Opinion Survey ("SCOOS") to collect qualitative information from dealer firms on terms and conditions with respect to credit extended through securities financing and over-the-counter derivatives transactions.	
26 (29)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	The FSOC and member agencies monitor asset prices as part of their systemic risk monitoring activities. The Federal Reserve considers asset price fluctuations as one input into monetary policy decision-making.	
27 (32)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain.	Ongoing	U.S. authorities exchange information with their foreign counterparts in a number of international groups, particularly the FSB and its Standing Committee on the Assessment of Vulnerabilities (SCAV). We also have bilateral relationships with foreign supervisors and central banks. U.S. supervisors also participate in a number of colleges of supervisors and crisis management groups for the largest banking organizations. Finally, U.S. banking agencies participate in the Senior Supervisors Group, where supervisors share information regarding risk management practices of large, global financial firms.	Ongoing.
VI. Strengthening accounting standards						
28 (11)	(WAP)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate,	Ongoing	IOSCO maintains a database and discussion arrangements for sharing securities regulators' experiences on International Financial Reporting	Regulators conducted the latest database conference call in September 2011; calls are planned

			should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.		Standards (IFRS) application around the world. IOSCO anticipates coordinating database conference calls three times per year to discuss members' emerging IFRS issues. SEC staff selectively reviews corporate filings to monitor and enhance compliance with applicable disclosure and accounting requirements. U.S. banking regulators regularly monitor significant changes to accounting standards that may significantly affect financial institutions and routinely provide comments on such proposals. The banking regulators also routinely meet with standard setters, representatives from audit firms and financial institutions, and the SEC to discuss financial accounting and implementation matters. In addition, the U.S. banking agencies are also members of the Basel Committee's Accounting Task Force where global accounting and auditing issues are addressed. U.S. banking regulators regularly issue policy guidance through the Federal Financial Institutions Examination Council (FFIEC) and the Basel Committee's Accounting task force.	for 2012.
29 (New)	(Seoul)	Convergence of accounting standards	We re-emphasized the importance we place on achieving a single set of improved high quality global accounting standards and called on the International Accounting Standards Board and the Financial Accounting Standards Board to complete their convergence project.	End-2011	The IASB and FASB continue their work developing high-quality, improved, and converged standards, in a manner that ensures a robust due process, including outreach efforts and consideration of feedback received. In some areas, such as classification and measurement of financial instruments and hedge accounting, converging standards are proving difficult to achieve. The U.S. banking regulators continue to comment on accounting proposals that were part of the MOU as they are released and encourage convergence. The U.S. banking regulators have stated that finalizing the new financial instruments accounting standard should be the Boards' top priority.	The IASB and the FASB plan to issue revised draft standards for some joint projects (such as revenue recognition and leases) for additional public comment, and are continuing to develop guidance in other projects (such as financial instrument impairment). As a result, final standards for several major projects are not expected to be issued until 2012.
30 (12)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard	3.4 Accounting standard setters and prudential supervisors should examine the use of	End-2009	The objective of this joint IASB/FASB project was to develop common fair value measurement guidance. To achieve this objective, the FASB and the IASB had	The FASB's new fair value guidance will be effective starting with annual periods beginning after December 15, 2011 and the

		setters and supervisors	valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak.		agreed to the following: 1. The project's objective was to ensure that fair value has the same meaning in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). 2. The project's goal was to make U.S. GAAP and IFRS guidance on fair value measurement the same, other than minor necessary differences in wording or style. The FASB agreed to consider comments received on the IASB Exposure Draft, *Fair Value Measurement,* and to propose amendments to guidance on fair value measurement in U.S. GAAP to achieve that goal. On May 12, 2011, the FASB completed this project with the issuance of Accounting Standards Update No. **2011-04**, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* On May 12, 2011, the IASB issued IFRS 13, *Fair Value Measurement.*	IASB's guidance will be effective starting with annual periods beginning on or after January 1, 2013.
31 (13)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between	End-2009	The FASB and the IASB are addressing accounting for financial instruments, including hedge accounting, through their respective financial instruments projects. The IASB finalized its classification and measurement guidance for assets and liabilities in 2009 and 2010, respectively. The guidance is included in IFRS 9 *Financial Instruments*. The IASB has been re-deliberating its general hedge accounting proposal. The FASB has been re-deliberating its proposed financial instrument classification and measurement proposal, and is working together with the IASB on addressing financial instrument impairment.	The Boards will continue to deliberate impairment together and expect to issue a converged final standard in 2012. The Boards plan to come together after their independent re-deliberations to see if they can reconcile differences in classification and measurement, as well as hedge accounting.

			financial asset categories; (iii) Simplifying hedge accounting requirements.			
VII. Strengthening adherence to international supervisory and regulatory standards.						
32 (21, 22, 23)	(Lon) (WAP)	Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer reviews (Note) Please try to prioritise any major initiatives conducted specifically in your jurisdiction.	We are committed to strengthened adherence to international prudential regulatory and supervisory standards. FSB members commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP reports. All G20 members commit to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessment of countries' national regulatory systems.	Ongoing	The IMF has completed the U.S. FSAP, which includes 7 DARs and ROSCs on key standards and 8 Technical Notes.	The U.S. has committed to meeting the G-20 pledge to update our FSAP every five years, with the next update in 2015. We have also pledged, as a major financial center, to completing an FSA by 2015. We have also agreed to undergo an FSB Peer Review in 2013.
Reforming compensation practices to support financial stability						
33 (15)	(Pitts)	Implementation of FSB/FSF compensation principles	We fully endorse the implementation standards of the FSB aimed at aligning compensation with long-term value creation, not excessive risk-taking. Supervisors should have the responsibility to review firms' compensation policies and structures with	End-2010	The Federal Reserve, in concert with other U.S. federal bank regulatory agencies, issued in June 2010 final supervisory guidance on incentive compensation practices at banking organizations. The guidance requires banks to have practices that give employees balanced risk-taking incentives, to have sound controls for their incentive compensation systems, and improve corporate governance practices related to compensation. The guidance is consistent with the FSB Principles and Standards.	Supervisors will continue to take corrective actions as needed to ensure that banking organizations comply with the supervisory guidance.

			institutional and systemic risk in mind and, if necessary to offset additional risks, apply corrective measures, such as higher capital requirements, to those firms that fail to implement sound compensation policies and practices. Supervisors should have the ability to modify compensation structures in the case of firms that fail or require extraordinary public intervention. We call on firms to implement these sound compensation practices immediately.		A horizontal review of incentive compensation practices at more than two dozen large banking organizations related to the guidance has been underway for some time. Over 200 staff have been involved, including supervisors, economists and lawyers. In addition to on- and offsite reviews of incentive compensation practices, firms have iteratively proposed improvements to their practices, supervisors have reviewed and reacted to firms' plans, and firms have revised their plans. The refinement of details of practices is expected to be ongoing for a period of years, but banks are expected to be in substantial compliance with the guidance by end-2011. Supervisory work on compensation will continue indefinitely as part of the normal supervisory process Supervisors are expanding the scope of their attention to an additional dozen or so medium-size regional banks and are developing supervisory plans for small banks. On 5 October 2011, the Federal Reserve published a paper describing incentive compensation practices and progress to date for banks in the horizontal review. The paper can be found at http://www.federalreserve.gov/publications/other-reports/files/incentive-compensation-practices-report-201110.pdf. The progress reported in the paper is consistent with the finding of the FSB's second peer review of compensation practices that major internationally active U.S. banks are broadly in conformance with the FSB Principles and Standards. However, U.S. guidance is somewhat more demanding than the Principles and Standards.	
	(Tor)		We encouraged all countries and financial institutions to fully implement the FSB principles and standards by year-end. We call on the FSB to undertake ongoing monitoring in this area and conduct a second thorough peer review in the second quarter of 2011.			
	(Seoul)		We reaffirmed the importance of fully implementing the FSB's standards for sound compensation.		*Incentive Compensation:* Under Section 956 of the Dodd-Frank Act, several federal financial regulatory agencies are required to jointly prescribe rules or guidelines that require covered financial institutions to disclose to the appropriate regulator the structures of all incentive-based compensation, and prohibit any types or features of incentive-based payment arrangements that the regulators determine encourage inappropriate risks by covered financial institutions, by providing excessive compensation, or that could lead to material financial loss to the covered financial	*Incentive compensation:* The agencies are reviewing public comments on the proposed joint rule with a view to adopting final rules by June 2012.

					institution. In March 2011, the agencies published for public comment a joint rule proposal that would, among other things, require certain financial institutions with $1 billion or more in total assets, such as banks and broker-dealers, to disclose the structure of their incentive-based compensation practices to the regulatory supervisor, and prohibit such institutions from maintaining compensation arrangements that encourage inappropriate risks. http://www.sec.gov/rules/proposed/2011/34-64140.pdf. A revised, final version of the rule is being prepared. *Disclosure Requirements:* In December 2009 the SEC adopted enhancements to its executive compensation disclosure requirements to include, among other areas, information about the relationship of a company's employee compensation policies and practices to risk management. Public companies in the U.S. must follow SEC disclosure rules, which became effective on February 28, 2010. http://www.sec.gov/rules/final/2009/33-9089.pdf. The requirement to annually review this relationship to determine if disclosure is required is consistent with international principles emphasizing consideration of risk in developing pay-for-performance measures. The amendments also improved reporting of equity awards to executives and directors by reporting grant date fair values rather than amounts recognized for financial reporting purposes. This change made board compensation decisions regarding equity awards more comprehensible to shareholders, facilitating shareholder engagement, as intended. The Federal Reserve will implement the Basel Committee's recently released Pillar 3 disclosure requirements for compensation. *Shareholder approval*: In January 2011, the SEC adopted rules to implement the requirements of Section 951 of the Dodd-Frank Act requiring shareholder advisory votes (1) to approve executive compensation as disclosed under SEC rules; (2) to determine whether the company will hold such votes every 1, 2 or 3 years; and (3) in merger proxy	*Shareholder approval:* The SEC staff will monitor developments relating to shareholder votes on compensation matters.

					statements, to approve "golden parachute arrangements". In addition, clear and simple tabular disclosure of total aggregate golden parachute compensation is required in merger proxies and similar filings. http://www.sec.gov/rules/final/2011/33-9178.pdf. As of January 21, 2011, companies subject to the SEC's proxy rules became subject to the first two advisory votes, except that smaller reporting companies are not required to comply until their first annual meeting occurring on or after January 21, 2013. All companies subject to the SEC's proxy rules became subject to the golden parachute advisory vote and the related disclosure requirement for merger proxy statements initially filed on or after April 25, 2011. The new advisory votes have facilitated shareholder engagement regarding executive compensation, as intended, promoting effective corporate governance of compensation, consistent with international principles, as public company shareholders now have an opportunity to vote directly on compensation. Further, enhanced disclosure of, and the shareholder advisory vote on, golden parachute compensation may encourage companies to examine existing contractual arrangements regarding termination of employment, consistent with international principles calling for such examination to determine if those arrangements are aligned with long-term value creation and prudent risk-taking, and do not reward failure. *Compensation Committees:* In March 2011, the SEC issued a rule proposal to direct securities exchanges to establish listing standards related to compensation committee independence and the authority of compensation committees to engage compensation consultants and other advisors as required by Section 952 of the Dodd-Frank Act. http://www.sec.gov/rules/proposed/2011/33-9199.pdf. Section 952 and the implementing proposal are consistent with international principles calling for effective corporate governance of compensation, including the use of independent compensation committees.	*Compensation Committees:* The SEC is reviewing public comment on the proposed rule with a view to adopting final rules by December 2011.

					Other Matters: Section 953 of the Dodd-Frank Act requires the SEC to require disclosure of the relationship between executive compensation and company financial performance, and disclosure of the ratio of median employee pay to CEO pay. Section 954 requires the SEC to direct securities exchanges to establish listing standards related to the recovery of incentive-based compensation in the event of an accounting restatement. Section 955 requires the SEC to require proxy disclosure whether a company permits employees and directors to hedge equity securities granted as compensation or otherwise held by them. The Section 953 and 955 requirements are consistent with international principles calling for effective disclosure of compensation practices to facilitate engagement by stakeholders. The hedging disclosure provision is also consistent with international principles recognizing that hedging can undermine the risk-alignment effects embedded in compensation arrangements. The clawback provision is also consistent with international principles calling for negative firm performance to result in contraction of variable compensation, including reduction of amounts previously earned through malus or clawback arrangements.	*Other Matters:* The Dodd-Frank Act does not specify deadlines for rulemaking under Sections 953, 954, and 955, and the SEC anticipates issuing rule proposals by December 2011. While the hedging disclosure provisions of Section 955 do not call for banning hedging, subjecting public companies to disclosure may be expected to result in companies considering whether to continue allowing employees to hedge their compensation.
34 (16)	(Pitts)	Supervisory review of firms' compensation policies etc.	Supervisors should have the responsibility to review firms' compensation policies and structures with institutional and systemic risk in mind and, if necessary to offset additional risks, apply corrective measures, such as higher capital requirements, to those firms that fail to implement sound compensation policies and practices. Supervisors should have the ability to modify compensation structures in the case of firms that fail or	Ongoing	U.S. bank supervisors already assess institutions' compensation programs from a safety and soundness standpoint. In cases where compensation arrangements or related risk management processes pose a risk to the safety and soundness of the institution, supervisors may take actions to require the institution to address those concerns, to include, when appropriate, imposing higher capital requirements. U.S. bank supervisors already have authority to require banks to strengthen capital by a variety of methods.	

			require extraordinary public intervention.			
VIII. Other issues						
Credit rating agencies						
35 (37)	(Lon)	Registration of CRAs etc.	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals.	End-2009	The Credit Rating Agency Reform Act of 2006 (Rating Agency Act) provided the SEC with exclusive authority to implement a registration and oversight program for Nationally Recognized Statistical Rating Organizations (NRSROs). In June 2007, the SEC approved rules implementing a registration and oversight program for NRSROs, which became effective that same month. The rules established registration, recordkeeping, financial reporting and oversight rules for credit rating agencies that apply to be registered with the SEC. These rules are consistent with the principles set forth in the IOSCO Statement of Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. Since adopting the implementing rules in 2007, the SEC has adopted additional amendments to its NRSRO rules. The Dodd-Frank Act contains a number of provisions designed to strengthen the SEC's regulatory oversight of NRSROs. On May 18, 2011, the SEC voted to propose new rules and amendments that would implement certain provisions of the Dodd-Frank Act and enhance the SEC's existing rules governing credit ratings and NRSROs.	
36 (38)	(Lon)	CRA practices and procedures etc.	National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full	End-2009	The Rating Agency Act was enacted in order "to improve ratings quality for the protection of investors and in the public interest by fostering accountability, transparency, and competition in the credit rating industry." To that end, the Rating Agency Act and the SEC's implementing regulations prohibit certain conflicts of interest for NRSROs and require NRSROs to disclose and manage certain others. NRSROs are also required to disclose their methodologies and underlying assumptions related to credit ratings they issue in addition to certain performance statistics. Under the new rules and rule amendments proposed	

			disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.		by the SEC on May 18, 2011 to implement certain provisions of the Dodd-Frank Act, NRSROs would be required to, among other things: • Report on internal controls. • Protect against certain additional conflicts of interest. • Establish professional standards for credit analysts. • Publicly provide – along with the publication of the credit rating – disclosure about the credit rating and the methodology used to determine it. • Enhance their public disclosures about the performance of their credit ratings.	
37 (39)	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRAs	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010.	As early as possible in 2010	As a first step towards achieving this goal, IOSCO established a standing committee on CRAs (SC6), currently chaired by the SEC, which developed a project to evaluate recent regulatory initiatives that impact or will shortly impact CRAs whose ratings are used for regulatory purposes in multiple jurisdictions. SC6 prepared a report, published by IOSCO in its final form in February 2011, entitled *Report on Regulatory Implementation of the Statement of Principles Regarding the Activities of Credit Rating Agencies*. The report addresses several of the recent regulatory initiatives that impact or will shortly impact CRAs that are active in the jurisdictions reviewed, including the need for supervisors to monitor the effectiveness of those programs and any regulatory conflicts that may exist for CRAs that are active across borders.	As follow-up work to its consultative report, IOSCO SC6 will begin working on identifying conflicts between CRA regulatory regimes and seeking appropriate resolutions consistent with the IOSCO principles.
38 (40)	(Seoul) (FSF 2008)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. IV. 8 Authorities should check that the roles that they have assigned to	Ongoing	The Dodd-Frank Act removes references to credit ratings from U.S. statutes and requires all Federal agencies to remove any reference to or requirement of reliance on credit ratings in any regulation that requires the use of an assessment of the credit-worthiness of a security or money market instrument. Each Federal agency must replace any such references to credit ratings with an alternative standard of creditworthiness. In accordance with Section 939A of the Dodd-Frank Act, on July 27, 2011 the SEC adopted rule amendments removing references to credit ratings as one of the conditions for companies seeking to use	

			ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation.		short-form registration when registering securities for public sale. http://www.sec.gov/rules/final/2011/33-9245.pdf In addition, the SEC has proposed to remove references to credit ratings from rules governing the operation of money market funds as well as from the rules applicable to broker-dealer financial responsibility, distributions of securities, and confirmations of transactions.	
Risk management						
39 (48)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	The Dodd-Frank Act requires the Federal Reserve to conduct annual stress tests for all systemically important companies and publish a summary of the results. Additionally, the Act requires that these systemically important companies and all other financial companies with $10 billion or more in assets that are regulated by a primary Federal financial regulatory agency conduct semi-annual or annual (respectively) internal stress tests and publish a summary of the results.	The Federal Reserve has created an enhanced quantitative surveillance program that will use supervisory information, firm-specific data analysis, and market-based indicators to identify developing strains and imbalances that may affect the largest and most complex firms. Periodic scenario analysis across large firms will enhance understanding of the potential impact of adverse changes in the operating environment on individual firms and on the system as a whole. This work will be performed by a multi-disciplinary group comprised of economic and market researchers, supervisors, market operations specialists, and accounting and legal experts. The Federal Reserve is currently developing rules to implement the provision in coordination and consultation with the other relevant agencies. The rules are expected to be finalized by January 2012.

40 (49)	(Pitts)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed.	Ongoing	In November 2009, the IASB issued for public comment an exposure draft on loss provisioning. The comment period ended in June 2010. The FASB's Exposure Draft, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*, issued in May 2010 also proposed changes to accounting for impairment. The comment period for the FASB exposure draft ended on September 30, 2010. An Expert Advisory Panel (EAP) on impairment was set up in November 2009 to address operational issues associated with the proposed impairment models for financial instruments. The panel included representatives from the IASB, the FASB, Basel Committee, and the U.S. banking agencies. The input of the EAP will be considered by the IASB and the FASB in further deliberations. Since the Pittsburgh Summit in September 2009, the U.S. regulators published additional guidance for the 19 SCAP firms about the type of analysis the largest firms would be required to undertake prior to undertaking any capital action that would result in a reduction in their common equity.	In all cases under the normal supervisory process supervisors will actively encourage the firms to raise additional capital in situations where there are expected shortfalls in a firm's overall capital adequacy. Specifically, the largest U.S. banking organizations going forward are expected to submit a comprehensive capital plan that considers the potential migration of problem assets and the impact of this migration on the banking organization's capital base and their future capital needs. The capital plan should take into consideration a business as usual scenario as well as a more severe economic scenario where management's outlook for losses, earnings, liquidity and funding has been substantially impaired. The largest firms would be expected to demonstrate that over the projected capital plan period, and under the firm's current and prospective financial condition, they would continue to hold capital sufficiently above the regulatory minimums for a well capitalized institution in light of the institution's overall risk profile.
41 (53)	(WAP)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate.	Ongoing	The FASB issued a final standard update on January 21, 2010, *Improving Disclosures about Fair Value Measurements*, to improve the disclosures about fair value measurement (e.g., transfers in/out of level 1 and 2, and level 3 activities). Certain of the new disclosure requirements are effective for reporting periods beginning after December 15, 2009, while others are effective for reporting periods beginning after December 15, 2010. In July 2010, the FASB has issued a final accounting standards update, *Disclosures about the Credit Quality*	The FASB and the IASB are working on their respective financial instruments projects, which are expected to result in additional disclosure requirements.

					of Financing Receivables and the Allowance for Credit Losses, to give financial statement users greater transparency about entities credit risk exposures and the allowance for credit losses. The disclosures will provide financial statement users with additional information about the nature of credit risks inherent in entities' financing receivables, how credit risk is analyzed and assessed when determining the allowance for credit losses, and the reasons for the change in allowance for credit losses. In the U.S., state insurance functional regulators use the standardized reporting that insurers are required to submit for various purposes, including monitoring the overall risk and financial condition of the industry as a whole. This includes security by security listing, which is a best practice that exceeds the international best practice.	
Others						
42 (46)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed.	Ongoing	In 2010, the FDIC, on behalf of the International Association of Deposit Insurers (IADI), collaborated with the BCBS, IMF, European Forum of Deposit Insurers, World Bank, and EC to develop the Methodology for Compliance Assessment of the Core Principles for Effective Deposit Insurance Systems.	The Methodology was completed in 2011 and included in the FSB's Compendium of Standards. The Methodology evaluates the effectiveness of deposit insurance systems against internationally agreed principles and provide a valuable benchmark for strengthening or developing new deposit insurance systems.
43 (55)	(Pitts)	Development of cooperative and coordinated exit strategies	We need to develop a transparent and credible process for withdrawing our extraordinary fiscal, monetary and financial sector support, to be implemented when recovery becomes fully secured. We task our Finance Ministers, working with input from the IMF and FSB, to continue developing cooperative and coordinated exit strategies recognizing that the scale, timing and	Ongoing	Authority to make commitments under TARP expired on 3 October 2010 and the Dodd-Frank Act precludes the establishment of any new TARP programs. A major program under TARP, The Capital Purchase Program, was closed for new entrants as of end December 2009. The Money Market Mutual Fund Guarantee expired in September 2009. New issuance under the FDIC's Temporary Liquidity Guarantee Program ended in October, 2009. Credit extended through Federal Reserve liquidity programs has declined substantially as market conditions have improved. The Term Asset-Backed Securities Loan Facility (TALF) closed for new loan extensions against newly issued commercial mortgage backed securities (CMBS) on June 30, 2010, and for new loan extensions against all other types of collateral on March 31, 2010. The	Continuing wind-down of support programs; proposed a Financial Crisis Responsibility Fee.

			sequencing of this process will vary across countries or regions and across the type of policy measures.		authority for certain other liquidity facilities (e.g., the Commercial Paper Funding Facility (CPFF), Primary Dealer Credit Facility (PDCF), and Term Securities Lending Facility (TSLF)) expired on February 1, 2010. An assessment or fee on the liabilities (other than insured deposits and Tier 1 capital) of the largest financial institutions to repay taxpayer losses has been proposed.	

Origin of recommendations:

Seoul: The Seoul Summit Document (11-12 November 2010)
Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)
WAP: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)