PROGRESS REPORT ON THE ACTIONS OF THE LONDON AND WASHINGTON G20 SUMMITS
5 SEPTEMBER 2009

No.	LONDON SUMMIT / WASHINGTON ACTION PLAN TEXT	PROGRESS
MACROECONOMY		
1	We commit to deliver the scale of sustained fiscal effort necessary to restore growth.	Fiscal stimulus on the necessary scale is well underway in G20 countries, and should continue to support activity through 2010, with overall deficits projected to be some 5½ percentage points of GDP higher in 2009 and 2010, relative to their 2007 level. In general, revenue measures and social transfers have been implemented more quickly than infrastructure projects, though the pace of spending shows signs of having increased in recent months.
2	Our central banks have pledged to maintain expansionary policies for as long as needed and to use the full range of monetary policy instruments, including unconventional instruments consistent with price stability.	Most major economy central banks have reduced policy interest rates to close to the zero interest floor. Some central banks have signalled that interest rates are likely to remain low for an extended period, while others have indicated that monetary policy would only be tightened once the macroeconomic environment improves and the outlook for inflation picks up. Central banks have also used a range of unconventional or enhanced measures, tailored to the circumstances of their economies, to support financial intermediation and improve credit flows.
3	We are resolved to ensure long-term fiscal sustainability and price stability and will put in place credible exit strategies from the measures that need to be taken now to support the financial sector and restore global demand.	Liquidity provided by central banks remains very high, and its unwinding will need to be managed carefully. With the recovery still at an early stage, policy support will need to remain in place for some time. Some G20 countries have announced medium-term targets or have extended the horizon of their fiscal projections and a few have developed fully-fledged medium-term fiscal adjustment strategies.

This table sets out progress to date on actions agreed at the London and Washington G20 Summits. Details of the further agreements reached today, 5 September 2009, are set out in the G20 Finance Ministers' and Central Bank Governors' Communiqué available at www.g20.org.

4	We commit today to taking whatever action is necessary to accelerate the return to trend growth and we call on the IMF to assess regularly the actions taken and the actions required.	The world economy is beginning to pull out of its deepest recession since the Great Depression, and is starting to grow again. G20 economies have implemented bold and wide-reaching measures to address the financial crisis and global recession, yielding tangible benefits. Downside risks to the recovery are receding gradually but remain a key concern. There is also upside potential to the outlook as the gains associated with positive confidence effects could prove to be more significant, helping to create the conditions for a self-sustaining virtuous circle of sentiment, spending and growth. The IMF assesses regularly actions taken and required by countries under the current surveillance framework. See also Actions 1-3.
5	We will conduct all our economic policies cooperatively and responsibly with regard to the impact on other countries and will refrain from competitive devaluations of our currencies and promote a stable and well-functioning international monetary system.	Since the London Summit, representatives of G20 countries have continued to meet and cooperate on many aspects of the response to the crisis.
6	We will support, now and in the future, candid, even-handed, and independent IMF surveillance of our economies and financial sectors, of the impact of our policies on others, and of risks facing the global economy.	Coverage of financial sector issues in surveillance is being reinforced by new staff guidance, the upcoming review and adaptation of the Financial Services Action Plan (FSAP), and complementary efforts to integrate financial sector work into surveillance. Assessment of risks facing the global economy is being strengthened through the IMF-FSB early warning exercise and the discussion of cross-cutting themes in major Article IV consultations. Publication rates for country staff reports are high at around 90 per cent.
7	Make best possible use of investment funded by fiscal stimulus programmes towards the goal of building a resilient, sustainable and green recovery.	Infrastructure spending in G20 stimulus packages amounts to 0.6 per cent of GDP in both 2009 and 2010. In some countries, infrastructure measures are specifically designed with a "green" component, including by improving the energy efficiency of schools and other public facilities, promoting low carbon emission in private buildings. A number of countries have also launched tax-rebate programs that support the purchase of more fuel-efficient vehicles or aim to promote biodiesel.
RESTORING LENDING		

8	We are committed to taking all necessary actions to restore the normal flow of credit through the financial system and ensure the soundness of systemically important institutions, implementing policies in line with the agreed G20 framework for restoring lending and repairing the financial sector.	Since September 2008 more than half of the G20 governments have taken exceptional crisis containment actions aimed at restoring market stability, creditor confidence, and the health of the banking system. Markets have stabilized, but a return to normal levels of credit intermediation will be slow.
TRADE FINANCE		
9	We will ensure availability of at least $250bn over the next two years to support trade finance through our export credit and investment agencies and through the MDBs (up to $50bn from the IFC Global Trade Liquidity Pool (GTLP) over the next three years, including $3-4bn in voluntary bilateral contributions to the IFC Pool, with significant co-financing from the private sector).	The $250bn two-year support framework has been effectively implemented, and is particularly focussed on emerging markets and low-income countries, via additional bilateral and multilateral support programmes. Approximately $65bn has been taken-up by banks and buyers in first six months. All MDBs have launched specific initiatives or extended existing ones on trade finance and the GTLP has, along with a parallel facility, received commitments of more than $5.5bn from donors, and of $2.25bn from commercial banks.
10	We ask regulators to make use of available flexibility in capital requirements for trade finance.	Eligible countries continue to consider flexibilities, including through ongoing co-operation in the Basel Committee on Banking Supervision (BCBS) and Financial Stability Board (FSB). The World Trade Organisation chaired Expert Group on trade finance will also take stock on Basel II and trade finance ahead of the Pittsburgh Summit.
IFI REFORM		
IMF RESOURCES		
11	We have agreed to increase the resources available to the IMF through immediate financing of $250bn, subsequently to be incorporated into an expanded and more flexible New Arrangements to Borrow (NAB), increased by up to $500bn, and to consider market borrowing if necessary.	Bilateral commitments of more than $250bn have been made. Commitments have been set out at www.imf.org/external/np/exr/faq/contribution.htm.

12	Doubling of IMF's concessional lending capacity for low-income countries (LICs).	Total IMF concessional lending to LICs expected to reach $8bn over 2009-10 - this represents more than a doubling of earlier expected levels.
13	Doubling of access limits for lending to LICs within the Debt Sustainability Framework.	Access limits have been doubled.
14	We have committed, consistent with the new income model, that additional resources from agreed sales of IMF gold will be used, together with surplus income, to provide $6bn additional concessional and flexible finance for the poorest countries over the next 2-3 years. We call on the IMF to come forward with concrete proposals at the Spring Meetings.	The IMF Board approved a comprehensive LIC support package on 23 July 2009, which includes stepped-up financial assistance, exceptional interest relief, higher concessionality, and the creation of new more flexible LIC facilities that are tailored to meet LICs' crisis needs. IMF's internal resources (including resources linked to gold sales) and additional bilateral contributions will be used to help finance increased concessional lending. The Fund has also launched a major fund-raising effort to mobilize from bilateral contributors additional loan resources of around $13.5bn and additional interest subsidy resources of $600m.
15	We support a General Special Drawing Rights (SDR) allocation, which will inject $250bn into the world economy and increase global liquidity, $100bn of which will go directly to emerging market and developing countries.	General SDR allocation amounting to the equivalent of $250bn was made on 28 August 2009. The equivalent of nearly $100bn will go to emerging markets and developing countries (of which LICs will receive over $18bn). Following the ratification of the Fourth Amendment, a special one-off allocation of SDRs, amounting to about $33bn, will be made on 9 September 2009. To support SDR liquidity, IMF is expanding the capacity of voluntary arrangements for buying and selling SDRs in exchange for currencies in the SDR basket.
16	Urgent ratification of the Fourth Amendment of the IMF's articles.	The Fourth Amendment entered into force on 10 August 2009.
WORLD BANK RESOURCES		
17	We support a 200 per cent general capital increase at the Asian Development Bank (ADB).	ADB's Board of Governors adopted a resolution in April 2009, approving a 200 per cent increase in ADB's capital stock. This will triple ADB's capital base from approximately $55bn to $165bn.

18	We support a substantial increase in lending of at least $100bn by the MDBs, including to Low Income Countries, to a total of around $300bn over the next three years. (By 2012)	The Multilateral Development Banks (MDBs) have all substantially increased their lending, planning to lend in excess of $110bn more this year in response to the strong crisis-driven demand, including over $60bn committed by the World Bank. The lending projection for the next three years exceeds $305bn, with World Bank lending projected to increase to $100bn.
19	We support full and exceptional use of MDB balance sheets, to create further capacity for lending to meet crisis needs.	The MDBs have taken concrete steps to enhance their financial capacity through exceptional use of their balance sheets. For example: • the World Bank have agreed an increase in International Bank for Reconstruction and Development (IBRD) loan pricing and a reduction in capital adequacy policy limit over the next three years; • the European Bank for Reconstruction and Development's (EBRD) Board have approved a change in the interpretation of the Bank's statutory gearing ratio to an operating assets basis, providing additional headroom for operating asset growth. Significant progress has been made in utilising EBRD's balance sheet; • the African Development Bank's (AfDB) Board of Directors approved a change to the Bank's debt to Usable Capital Ratio in July 2009; • the Asian Development Bank (ADB) is making full use of its financial positions to provide countercyclical funding support to its crisis-affected DMCs and released $400m from its prudential minimum liquidity to the Asian Development Fund; and • the Inter-American Development Bank (IaDB) has increased its balance sheet by $4bn through the innovative addition of temporary callable capital and will increase disbursements by $2bn having eliminated the Policy Based Borrowing Authority. The MDBs are considering other options and developing further proposals.
20	We support reviews of the need for capital increases at the IADB, AfDB, EBRD.	The relevant MDBs have begun the process of reviewing the need for a capital increase, with a view to a decision in the spring. The World Bank is also starting discussion on its financial capacity - a report on World Bank Group financial capacity will be prepared for consideration by the Development Committee at the Annual Meetings.
21	IDA resources should be frontloaded, using the existing flexibility in the Debt Sustainability Framework (DSF).	The World Bank has relaxed the standard frontloading rule to allow countries to frontload up to half of their annual allocation (instead of the regular 30 per cent) for programs or projects that respond to the impact of the crisis, and has fast-tracked a total of up to $2bn of IDA15, consistent with the Bank's existing operational guidelines on crisis response. In addition, the AfDB launched the AfDF Fast Track Programme, to enhance flexibility in AfDF operations and policies, including to allow significant frontloading of resources. The ADB is allowing up to 100 per cent front-loading in 2009 for all ADF countries.

22	We support actions to leverage private capital more effectively for the MDBs, including through the use of guarantees, bond insurance and bridging finance.	The MDBs have stepped up their efforts to leverage private capital to maximize their impact, through development of new initiatives or reinforcement of existing ones. Some have taken specific actions using guarantee schemes or mitigating risks for private lenders. Actions include: • the World Bank has recently formed lender coalitions, and expanded the use of guarantees, insurance instruments and risk management products. It is also continuing a dialogue with major underwriters of emerging market bond issuance and liability management experts to identify innovative co-financing opportunities; • the EBRD has made significant progress in developing initiatives, such as the Joint IFI Action Plan; • amongst other things, the AfDB has, with the Africa Commission, agreed to set-up an African SME Guarantee Fund to address the constraint to investment finance for SMEs and for capacity development for financial institutions and SMEs; • the ADB increased its allocation for guarantees by $2bn in 2009, including the Trade Finance Facilitation Program and investment in several infrastructure financing projects through its private sector lending. • the IaDB continues to increase its non-sovereign guaranteed portfolio.
23	Low-income IDA countries with sustainable debt positions and sound policies should be given temporary access to non-concessional IBRD lending to compensate for the loss of access to capital markets.	To help tap the potential for commercially viable and fiscally attractive foreign exchange-earning projects in many IDA countries, the World Bank is developing an approach to expand the use of IBRD resources for specific projects in IDA countries based on the IBRD Enclave framework.
24	Individual country limits on World Bank lending should be increased as appropriate to enable large countries to access required levels of finance and so support stability and recovery in their regions.	IBRD’s Board increased its Single Borrower Limit (SBL) from $15.5bn to $16.5bn for FY2010. This limit is applicable to IBRD’s largest borrowing countries that have achieved investment-grade status.
25	We will support, through voluntary bilateral contributions, the World Bank Vulnerability Framework, including the Infrastructure Crisis Facility and the Rapid Social Response Fund.	Vulnerability Framework initiatives are being implemented, including: • raising the ceiling of the Global Food Crisis Response Program (GFRP) from $1.2bn to $2bn. Total World Bank-funded GFRP projects currently amount to almost $1.2bn; • the Rapid Social Response to address urgent social needs by financing immediate interventions in basic social services, safety net programs, and labour market policies; • the Infrastructure Recovery and Assets Platform; and • IFC-led initiatives for the private sector. IFC has mobilized more than $10bn under these initiatives and the initiatives are actively disbursing.

GENERAL IFI LENDING		
26	We have agreed to review the flexibility of the Debt Sustainability Framework. (By Annual Meetings)	The IMF and World Bank Executive Boards are reviewing aspects of the Debt Sustainability Framework and considering new guidelines for debt limits in Fund- and Bank-supported programs. Both will allow the Fund and the Bank to respond more flexibly to the needs of its membership.
IMF GOVERNANCE		
27	We commit to Implementing the package of IMF quota and voice reforms agreed in April 2008.	32 countries representing 61.3 per cent of total voting power had accepted amendments to Articles to triple basic votes and provide for an additional Alternate Director for large constituencies. Many others are in the process of implementing.
28	We call on the IMF to complete the next review of quota and voice. (By January 2011).	Work is ongoing.
29	We agree that consideration should be given to greater involvement of the Fund's Governors in providing strategic direction to IMF and increasing its accountability.	Work is ongoing.
WORLD BANK GOVERNANCE		
30	We commit to implementing the World Bank reforms agreed in October 2008.	Reforms are underway: • shareholders are in the process of approving the amendment to the IBRD Articles of Agreement to increase Basic Votes; • sub-Saharan African countries are continuing to discuss how best to arrange themselves within three constituencies; and • the presidential selection process is likely to come into force in 2011-12.

31	We look forward to further recommendation, at the next meetings, on voice and representation reforms on an accelerated timescale, to be agreed. (By 2010 Spring Meetings).	The second phase of the World Bank Voice reform is under negotiation with a view to reaching an agreement by the 2010 Spring Meetings.
GENERAL IFI GOVERNANCE AND EFFECTIVENESS		
32	The Chairman, working with the G20 Finance Ministers, will consult widely in an inclusive process and report back to the next meeting with proposals for further reforms to improve the responsiveness and adaptability of IFIs. (By the Pittsburgh Summit).	Consultation with the G20, external academics and LICs is ongoing. Final proposals will be presented to Leaders in Pittsburgh.
33	We agree that the heads and senior leadership of the international financial institutions should be appointed through an open, transparent and merit-based selection process. (By 2011)	At the IMF Executive Board discussion of governance issues on 21 July 2009, there was consensus that selection of management should be open, transparent and without regard to nationality. The World Bank and the IaDB are linking leadership management process with, respectively, the on going governance reform and capital review processes. The EBRD has already implemented principles consistent with this.
34	We will reform the IFIs' mandates, scope and governance to reflect change in the world economy and the new challenges of globalisation and that emerging and developing economies, including the poorest, must have greater voice and representation.	See Actions 27-31. On IMF mandate, Executive Board discussion on 21 July 2009 "agreed that the membership needs to reflect further on the post-crisis global architecture and the associated role of the Fund".

35	The IMF should take steps to ensure that its surveillance and lending facilities address effectively the underlying causes of countries' balance of payments financing needs, particularly the withdrawal of external capital flows to the banking and corporate sectors.	Reforms to IMF lending and conditionality framework to date include: • the introduction of a new high access crisis prevention instrument (the Flexible Credit Line), available on a precautionary basis to counter possible withdrawal of private financing; • stand-by arrangements are more flexible as crisis prevention tools; • new lending instruments for LICs, including increased concessionality and temporary interest relief; • access limits have been doubled. Charges, fees and maturities have been revised; • reform of conditionality to ensure conditions sufficiently focused and tailored to circumstances, partly aimed at reducing stigma; • greater reliance on ex-ante conditionality; and • elimination of structural performance criteria — structural reforms now to be monitored in context of program reviews. IMF work to strengthen bilateral and multilateral surveillance, including macro-financial linkages, is ongoing. The IMF Executive Board is to begin a review of IMF-supported programs in the crisis in late September 2009.
FINANCIAL REGULATION		
36	We instruct our Finance Ministers to complete the implementation of the decisions to deliver a strengthened financial system. We have asked the FSB and IMF to monitor progress, working with FATF and the Global Forum to provide a report to the next meeting of Finance Ministers and Central Bank Governors.	The IMF, FSB and other international organisations have provided G20 Finance Ministers and Central Bank Governors with a progress report describing the measures that have been taken and other progress made since the London Summit to implement the London Summit and relevant FSF recommendations. More detail is set out below.
FSB ESTABLISHMENT		
37	We agreed the establishment of a new Financial Stability Board (FSB) as a successor to the Financial Stability Forum, including all G20 countries, FSF members, Spain and the European Commission, with a strengthened mandate to promote financial stability, a stronger institutional basis and enhanced capacity.	The G20 Leaders at the London Summit transformed the FSF into the FSB, with an expanded membership and a broadened mandate to promote financial stability. The FSB held its inaugural meeting on 26-27 June 2009, and has set up the internal structures needed to address its mandate. These new structures include a Steering Committee and three Standing Committees – for Assessment of Vulnerabilities; Supervisory and Regulatory Cooperation; and Standards Implementation. The FSB also established a Cross-border Crisis Management Working Group, and an Expert Group on non-cooperative jurisdictions. These groupings have all begun their work.

38	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. The FSB will elaborate and report on these commitments and the evaluation process.	Peer reviews will take the form of both single-country and thematic reviews, where single-country reviews will examine the adherence to standards and other regulatory initiatives and progress in addressing shortcomings; thematic reviews will focus on the implementation of FSB policy recommendations or G20 action items or on the implementation of a specific standard across all FSB member countries. Work is progressing on the development of a mechanism for peer reviews, drawing on the experiences of other organisations and bodies, as well as the identification of priority themes and countries.
INTERNATIONAL COOPERATION		
39	The FSB should collaborate with the IMF to conduct early warning exercises (EWE) to identify and report to the IMFC and the G20 Finance Ministers and Central Bank Governors on the build up of macroeconomic and financial risks and the actions needed to address them. The FSB and IMF should launch the EWE together at the 2009 Spring Meetings.	The initial, “dry run” Early Warning Exercise (EWE) was presented to the International Monetary and Financial Committee (IMFC) meeting in Washington on 25 April 2009. The next iteration of the EWE will be jointly presented to the IMFC meeting in October.
40	Implement immediately the FSF principles for cross-border crisis management and that 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.	Work is ongoing to implement the FSF Principles for Cross-border Cooperation on Crisis Management. Schedules for firm-specific cross-border contingency planning discussions have been set out and will take place in 2009 and early-2010. The FSB Cross-border Crisis Management Working Group is preparing a list of the main elements to be included in contingency planning discussions, including a template for “de-risking” plans to be prepared by the firms. De-risking plans will cover options the firms would need to consider to exit risky positions and scale back their activities, in an orderly fashion and without government intervention.
41	Establishment of the remaining supervisory colleges for significant cross-border firms by June 2009.	Supervisory colleges have now been established for more than thirty large complex financial institutions identified by the FSF as needing college arrangements.

42	Support continued efforts by the IMF, FSB, World Bank, and BCBS to develop an international framework for cross-border bank resolution arrangements.	Progress is being made in the two major international initiatives now underway on bank resolution frameworks, namely the Cross-Border Bank Resolution Group (CBRG) of the BCBS and the initiative by the IMF and the World Bank on the legal, institutional and regulatory framework for national bank insolvency regimes. The CBRG will report to the BCBS in September and will include recommendations for authorities on effective crisis management and resolution processes for large cross-border institutions. The IMF and World Bank report will be finalised in Spring 2010 and will review the principal impediments to effective resolution of a cross-border financial institution.
43	Support further work and international cooperation on the subject of exit strategies.	The IMF is producing papers on a Framework for the Cross-Border Resolution of Insolvent Financial Institutions; there will be a paper in the World Economic Outlook on exit strategies; and a paper on unconventional monetary policy and exit strategies for central banks.
44	Advanced economies, the IMF, and other international organisations should provide capacity-building programs for emerging market economies and developing countries on the formulation and the implementation of new major regulations, consistent with international standards.	The IFIs will play a key role in both the FSB's assessment processes and the provision of advice to countries so that they may meet international standards in line with country-specific needs.
PRUDENTIAL REGULATION		
45	Guidelines for harmonisation of the definition of capital should be produced by the end of 2009.	The BCBS is developing a concrete proposal to substantially strengthen the quality, consistency and transparency of capital, which will be reviewed at the September meeting of the BCBS and finalised by end of 2009.

46	The FSB, BCBS and Committee on the Global Financial System (CGFS), working with accounting standard setters should take forward implementation of the recommendations published to mitigate procyclicality, by the end of 2009, including a requirement for banks to build buffers of resources in good times that they can draw down when conditions deteriorate.	The BCBS has developed objectives for what a countercyclical capital buffer should achieve and concrete proposals for how it could work. An integrated proposal will be reviewed at the BCBS's September meeting. The BCBS is also actively engaged with accounting standard setters to move provisioning practices towards an expected loss framework. The IASB is working to enhance its provisioning standards and guidance on an accelerated basis, including by considering a proposed impairment standard based on an expected loss (called an "expected cash flow") approach to loan loss provisioning for issuance in October 2009. The IASB published initial proposals on its website in June to seek input regarding the feasibility of this expected loss approach before it issues an exposure draft in October 2009. Finally, the BCBS continues to work on approaches to address any excessive cyclicality of minimum capital requirements.
47	The BCBS should review minimum levels of capital and develop recommendations in 2010.	The BCBS has stated that the level of capital in the banking system, both the minimum capital requirement and the buffers above it, will be raised relative to pre-crisis levels to improve resilience to future episodes of stress. This will be done through a combination of measures such as strengthening the risk coverage of the Basel II capital framework, improving the quality of capital, and raising the overall minimum requirement.
48	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.	In July 2009 the BCBS issued final standards to raise capital requirements for resecuritisations, and enhanced risk management requirements around structured products and off-balance sheet activities. The International Organization of Securities Commissions (IOSCO) published in May 2009 a consultation report on regulatory issues related to securitized products and credit default swaps (CDS), which includes interim recommendations about regulatory approaches to be implemented in the securitisation markets. IOSCO will issue a final report in September 2009. IOSCO finalised in June 2009 its report on Good Practices in relation to Investment Managers Due Diligence when investing in Structured Finance Instruments. National and regional initiatives are also underway in some jurisdictions to introduce quantitative retention requirements for originators/sponsors of securitizations.

49	The BCBS and national authorities should develop and agree on a global framework for promoting stronger liquidity buffers at financial institutions, including cross-border institutions by 2010.	The BCBS is working to further increase the harmonisation of international liquidity risk supervision in order to raise banks' resilience to liquidity stresses globally and strengthen cross-border supervision of funding liquidity. Work is progressing rapidly and a proposal is to be finalised by end-2009, with impact assessment and calibration to be completed in 2010. The BCBS is monitoring banks' implementation of the September 2008 Principles, and will make a thorough review of the progress of implementation in the first half of 2010.
50	Prudential regulatory standards should be strengthened once recovery is assured. Capital buffers above regulatory minima should be increased and the quality of capital enhanced.	The BCBS has stated that the level of capital in the banking system, both the minimum capital requirement and the buffers above it, will be raised relative to pre-crisis levels to improve resilience to future episodes of stress. The BCBS is developing a concrete proposal to substantially strengthen the quality, consistency and transparency of capital, which will be reviewed at the September meeting of the BCBS and finalised by year-end.
51	Supplement risk-based capital requirements with a simple, transparent, non-risk based measure which is internationally comparable, properly takes into account off-balance sheet exposures, and can help contain the build-up of leverage in the banking system.	The BCBS has announced that it will introduce a leverage ratio to supplement the risk-based measure and help to contain the build-up of leverage in the banking system. The main elements of how a leverage ratio would work in practice have been formulated, and development work is taking place on important practical details. Calibration of a leverage ratio will be part of an impact assessment to be conducted in 2010.
52	All G20 countries should progressively adopt the Basel II capital framework.	G20 countries have either implemented or are taking steps to implement Basel II into national regulatory frameworks.
53	BCBS to review guidelines for processes for measurement of risk concentrations in 2009 to ensure they are timely and comprehensive.	The BCBS has strengthened guidance for use in the Pillar 2 supervisory review process of the Basel II framework to address key lessons of the crisis, covering governance, the management of risk concentrations, stress testing, valuation practices and exposures to off-balance sheet activities.
54	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management.	The BCBS has strengthened guidance for use in the Pillar 2 supervisory review process of the Basel II framework to address key lessons of the crisis, covering governance, the management of risk concentrations, stress testing, valuation practices and exposures to off-balance sheet activities. National authorities have also strengthened their guidelines for risk management practices following the shift to Basel II, including requirements for stress tests.
55	Firms should reassess their risk management models to guard against stress and report to supervisors on their efforts.	National authorities are taking steps to encourage firms to improve and develop risk management and stress-testing.

56	The Basel Committee should study the need for and help develop firms' stress testing models, as appropriate.	The BCBS has strengthened guidance for use in the Pillar 2 supervisory review process of the Basel II framework to address key lessons of the crisis, covering governance, the management of risk concentrations, stress testing, valuation practices and exposures to off-balance sheet activities. The BCBS issued in May Principles for Sound Stress Testing Practices and Supervision.
57	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.	National authorities have taken, and are continuing to take, steps to encourage firms to provide disclosures consistent with international best practice developed by the Senior Supervisors Group and the FSB, as appropriate. Firms have continued to enhance their risk disclosures in their published annual reports.
58	The appropriate bodies should review the differentiated nature of regulation in the banking, securities and insurance sectors and provide a report outlining the issue and making recommendations on needed improvements.	The Joint Forum is analysing regulatory gaps in order to help to ensure that the scope and the nature of financial regulation are appropriate. It has five key areas of focus: differences in the nature of financial regulation; consolidation and group-wide supervision; hedge funds; consistent underwriting standards for mortgage products; and risk transfer products. The Joint Forum will present its views on possible ways to address the identified issues and gaps in each of these focus areas by end 2009. A progress report will be presented to the G20 Finance Ministers and Central Bank Governors in November. For the insurance sector, the International Association of Insurance Supervisors (IAIS) is currently developing a guidance paper on the treatment of non-regulated entities which will take into account lessons learned from the crisis in this area and will draw on the work of the Joint Forum. The IAIS is also researching the design and practicality of a common assessment framework for insurance group supervision. A number of initiatives are also underway at the national level to review the adequacy of domestic regulation and fill identified regulatory gaps, including as part of broader financial sector reform proposals.
59	Authorities should monitor substantial changes in asset prices and their implications for the macroeconomy and the financial system.	National authorities in G20 countries, in particular central banks, typically carry out ongoing monitoring of asset prices and consider in particular their implications for financial stability.
60	National and regional authorities should also review business conduct rules to protect markets and investors.	A number of initiatives are underway in G20 countries to review and strengthen business conduct rules.
SCOPE OF REGULATION		

61	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.	Efforts to establish system-wide oversight and macro-prudential policy arrangements are ongoing at the national level, for example through changes to institutional arrangements and reviewing the powers of relevant authorities.
62	Large and complex financial institutions require particularly careful oversight given their systemic importance.	The BCBS has established a working group on macroprudential supervision that will cover, inter alia, supervisory tools to address the externalities of systemically important banks.
63	We call on the FSB to work with the BIS and international standard setters to develop macro-prudential tools and provide a report by autumn 2009.	Aside from the work to address procyclicality noted elsewhere, the FSB and its members are developing quantitative tools to monitor and assess the build-up of macro-prudential risks in the financial system. These tools aim to improve the identification and assessment of systemically important components of the financial sector and the assessment of how risks evolve over time.
64	Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions.	The use of macro-prudential tools will require that authorities expand data collection on the financial system. The IMF and FSB have launched a joint initiative to identify and address data gaps and will submit a report outlining priorities and workplans to G20 Finance Ministers and Central Bank Governors in November.
65	The IMF and FSB will produce guidelines for national authorities to assess whether a financial institution, market or an instrument is systematically important by the next meeting of Finance Ministers and Central Bank Governors.	The IMF, BIS and FSB have been working jointly to this end. The objective is to ensure that all systemically-important institutions, markets and instruments are subject to an appropriate degree of oversight and regulation. A report will be delivered to G20 Finance Ministers and Central Bank Governors in November. It will outline conceptual and analytical approaches to the assessment of systemic importance, and discuss a possible form for high-level principles that support consistent implementation across countries.

66	Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on 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. We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. We call on the FSB to report to the next meeting of Finance Ministers and Central Bank Governors.	IOSCO, which is a member body of the FSB, published in June 2009 a set of high-level principles for hedge fund regulation. The six principles include requirements on mandatory registration, regulation and provision of information for systemic risk assessment purposes. They also state that regulators should cooperate and share information to facilitate efficient and effective oversight of globally active hedge fund managers/hedge funds. IOSCO will continue its work in this area. National and regional initiatives are also underway in key jurisdictions.
67	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.	The BCBS is reviewing the treatment of counterparty credit risk under all three pillars of Basel II. Concrete proposals will be presented at the December 2009 BCBS meeting.

68	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. We call on industry to develop an action plan on standardisation of credit derivatives by autumn 2009.	Initiatives are underway to promote the establishment of central clearing counterparties for CDS contracts, with an initial focus on CDS indices. A number of CDS clearinghouses have already begun operation. The Committee on Payment and Settlement Systems (CPSS) and IOSCO have created a joint working group that is revising the standards set out by the Recommendations for Central Counterparties so as to strengthen and expand them to better address risks associated with the central clearing of OTC derivatives. The working group will complete its report by the middle of 2010. The BCBS is working on revisions to ensure that capital requirements for OTC derivatives adequately reflect the risks of derivatives, taking into account the benefits of central clearing, the impact of collateralisation and other counterparty credit risks. New standards will be issued by end-June 2010. As for CDS standardisation, some of the major issues have been addressed by the industry. The International Swaps and Derivatives Association published in April and July 2009 two supplements to its 2003 Credit Derivatives Definitions (the “Big Bang” and “Small Bang” protocols), which adopt the auction mechanism globally to settle most types of CDS contracts in the event of a default or bankruptcy, and set up a new system for settling payment under CDS contracts when the reference company is forced to restructure. IOSCO published in May 2009 a consultation report on regulatory issues related to securitized products and CDS, which includes interim recommendations about regulatory approaches to be implemented in the CDS markets. IOSCO will issue a final report in September.
69	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.	A number of initiatives are underway at the national level to review the adequacy of domestic regulation and fill identified regulatory gaps, including as part of broader financial sector reform proposals.
TRANSPARENT ASSESSMENT OF REGULATORY REGIMES		
70	All G20 members should commit to undertake a Financial Sector Assessment Program (FSAP) report and support the transparent assessment of countries' national regulatory systems.	All FSB members have undertaken or are about to undertake a review of adherence to international regulatory and supervisory standards through FSAPs and the Reports on the Observance of Standards and Codes (ROSC).

COMPENSATION		
71	We have agreed that national supervisors should ensure significant progress in the implementation of FSF sound practice principles for compensation arrangements by financial institution by the 2009 remuneration round.	Many national and regional initiatives are underway to implement the FSB Principles for Sound Compensation Practices. Because the FSB Principles were often the driver for change, these initiatives are broadly consistent in substance and have affected both regulatory frameworks and supervisory actions and practices. The BCBS, IAIS and IOSCO are working to support consistent implementation of the FSB Principles across jurisdictions. The BCBS incorporated the Principles in Pillar 2 of Basel II in July 2009, with an expectation that banks and supervisors begin implementing the new Pillar 2 guidance immediately. IOSCO is considering incorporating the FSB Principles into its Principles for Periodic Disclosure, published in July as a consultation paper planned to be finalized this fall. The IAIS has initiated work on the development of a standard and guidance paper on remuneration that will take into account the FSB Principles for cross-sectoral consistency purposes. The BCBS is now assessing how the FSB Principles are being implemented in practice and has created a task force that will promote a consistent and effective implementation of the FSB principles. In this context, a survey on the implementation of the FSB principles was conducted in July-August 2009 by the BCBS in coordination with the FSB, as a basis for more detailed work on actual bank and supervisory practices.
72	BCBS should integrate FSB principles on pay and compensation into their risk management guidance by autumn 2009.	The BCBS incorporated the Principles in Pillar 2 of Basel II in July 2009, with an expectation that banks and supervisors begin implementing the new Pillar 2 guidance immediately.
73	Supervisors will assess firms' compensation policies as part of their overall assessment of their soundness. When necessary they will intervene with responses that can include increased capital requirements.	Many national and regional initiatives are underway to implement the FSB Principles. A number of supervisory actions have also been taken to assess compliance by the industry with the FSB Principles, through requests for self-assessment, assessments by the supervisors themselves, or both. See also Action 72.

TAX HAVENS AND NON-COOPERATIVE JURISDICTIONS

74	We call on all jurisdictions to adhere to the international standards in prudential, tax and anti-money laundering/ countering the financing of terrorism (AML/CFT) areas and appropriate bodies to conduct and strengthen objective peer reviews, based on existing processes, including through the FSAP process.	All FSB members have undertaken or are about to undertake a review of adherence to international regulatory and supervisory standards through FSAPs and ROSCs. The FSB has compiled a matrix of compliance with these standards by its members, drawing from published ROSC assessments, and will provide to the G20 the relevant information. The matrix is intended to be published and will be maintained on an ongoing basis. See also Action 38. The Global Forum agreed on the need for swift and effective implementation of the tax standards on a global level through effective monitoring and a robust peer review mechanism. Reviews will apply to all Global Forum members. They will be impartial, transparent, comprehensive and multilateral, and will be managed by a Peer Review Group. Jurisdictions which are not members of the Global Forum will, where appropriate, be subject to the same review and will be invited to engage with the Forum in the context of any review. The whole monitoring and peer review process will be an ongoing exercise and outcomes from the reviews will be published on a continuous basis.
75	We call on countries to adopt the international standard for information exchange endorsed by the G20 in 2004 and reflected in the UN Model Tax Convention.	Unprecedented progress has been made since the November 2008 G20 Summit. All of the 87 jurisdictions covered by the Global Forum have now committed to the Global Forum's standards of tax information exchange and transparency, with more than half having substantially implemented them; major financial centres both within and outside of the OECD area which had strict bank secrecy rules or other impediments to achieving an effective exchange of information are in the process of removing these impediments; and more than 70 Tax Information Exchange Agreements have been signed – a larger number than the total for the previous 10 years.
76	We stand ready to take agreed action against those jurisdictions that do not meet the international standards in relation to tax transparency. To this end we have agreed to develop a toolbox of effective counter measures for countries to consider. We agreed that further consideration be given to further options relating to financial relations with these jurisdictions.	Individual countries have been considering options for countermeasures.

77	We are committed to developing proposals, by the end of 2009, to make it easier for developing countries to secure the benefits of a new cooperative tax environment.	The Global Forum agreed to monitor progress on how developing countries are benefiting from the more transparent environment. It will receive a report early next year from the Global Forum Secretariat on how such countries can be integrated in and benefit from the Global Forum's work including concrete suggestions on the more effective use of information exchange. The Secretariat will accelerate its work on multilateral instruments and will prepare a report on how developing countries can benefit from this process. In advance of the G20 Finance Ministers meeting in November, the Global Forum will submit a report to inform Ministers on how multilateral tax information exchange agreements (TIEAs) work and what steps are necessary to accelerate full implementation of the standards.
78	We are committed to strengthened adherence to international prudential regulatory and supervisory standards. The IMF and the FSB in cooperation with international standard-setters will provide an assessment of implementation by relevant jurisdictions, building on existing FSAPs.	Progress is also being made towards promoting adherence to cooperation and information sharing standards in the financial regulatory and supervisory area. The FSB has established an Experts Group under the Standing Committee for Standards Implementation that will develop criteria for identifying jurisdictions of concern due to a combination of their weakness and systemic importance; develop an approach and a toolkit of progressive and proportionate measures to engage non-compliant jurisdictions; identify jurisdictions of concern based on the criteria approved by the Committee; develop an evaluation process to complement FSAP and ROSC assessments; assess compliance for jurisdictions of concern, using FSAP/ROSC information and mutual evaluations; and engage non-compliant jurisdictions as appropriate.
79	We call on the FSB to develop a toolbox of measures to promote adherence to prudential standards and cooperation with jurisdictions	Over the next six months, the FSB will work as quickly as possible to develop: • a global compliance "snapshot" for the relevant standards building on FSAP assessments where available and any other information related to cooperation and information exchange, by the G20 Finance Ministers meeting in November; • criteria for identifying jurisdictions of concern, by the G20 Finance Ministers meeting in November; • procedures for an evaluation process to build on and complement FSAP assessments, to be launched by February 2010 at the latest; and • a toolbox of measures (both positive and negative incentives) to promote adherence and cooperation among jurisdictions, by February 2010 at the latest.

80	We agreed that the FATF should revise and reinvigorate the review process for assessing compliance by jurisdictions with AML/CFT standards, using agreed evaluation reports where available.	At the FATF's June plenary meeting, new procedures were agreed by the FATF's "International Cooperation Review Group" which are designed to identify high risk and uncooperative jurisdictions. After the initial review (the so called 'prima facie review') of those jurisdictions has been made, the FATF will decide which of these should be publicly identified. The FATF will consider the progress of every publicly identified jurisdiction on an ongoing basis and apply countermeasures where necessary. The FATF is also about to consider some parts of the Recommendations in preparation of its fourth round of mutual evaluations. Among the topics identified for consideration are Customer Due Diligence, law enforcement, beneficial ownership of assets, international cooperation, and whether tax crimes should be considered as a predicate offence for money laundering.
81	We call on the FSB and FATF to report to next Finance Ministers and Central Bank Governors meeting on adoption and implementation by countries.	The FSB and FATF have provided interim progress reports describing the measures that have been taken and other progress made since the London Summit to implement the London Summit and relevant FSF recommendations.
ACCOUNTING STANDARDS		
82	We have agreed that the accounting standard setters should improve standards for the valuation of financial instruments based on their liquidity and investor's holding horizons, while reaffirming the framework of fair value accounting.	To date, the International Accounting Standards Board (IASB) published in May an exposure draft (proposed accounting standard) on fair value measurement that directly incorporates the staff guidance issued in April by the US Financial Accounting Standards Board (FASB) to better identify inactive markets and determine whether transactions are orderly. Comments are due by end-September, with the final standard expected in 2010. Also, in June the IASB published a discussion document on the effects of fair value gains arising from deterioration in a company's own credit risk, with comments due by the beginning of September. Based on its review of comments the IASB will decide how to address this issue in its standard or guidance on fair value measurement. See also Action 84.
83	Accounting standard setters should take action to reduce the complexity of accounting standards for financial instruments by the end of 2009.	The IASB plans to address the G20 Leaders call for reduced complexity of accounting standards for financial instruments through the development of three new standards, based on exposure drafts issued in 2009. The IASB plans to issue a final standard on classification and measurement of financial instruments by end 2009 for optional use in 2009 financial statements, and an exposure draft was issued in July 2009, which proposes to reduce the number of categories of financial assets and liabilities to two (fair value and amortised cost). Proposals on the remaining portions of IAS 39 – covering an expected loss approach to provisioning (see below) and hedge accounting – are to be issued by the end of 2009.

84	Accounting standard setters should take action to strengthen accounting recognition of loan-loss provisions by incorporating a broader range of credit information by the end of 2009.	The IASB is working to enhance its provisioning standards and guidance on an accelerated basis, including by considering a proposed impairment standard based on an expected loss (called an "expected cash flow") approach to loan loss provisioning for issuance in October 2009. The IASB published initial proposals on its website in June to seek input regarding the feasibility of this expected loss approach before it issues an exposure draft in October 2009.
85	Accounting standard setters should take action to improve accounting standards for provisioning, off-balance sheet exposures and valuation uncertainty by the end of 2009.	On provisioning, see Action 84. The IASB is working to enhance the accounting and disclosure standards for off-balance sheet entities. The IASB plans to finalise the consolidation standard by the end of 2009 and the derecognition standard in the second half of 2010. In June 2009, the FASB published its final standards, Financial Accounting Statements No. 166, Accounting for Transfers of Financial Assets, and No. 167, Amendments to FASB Interpretation No. 46(R), which change the way entities account for securitisations and special-purpose entities. The new standards will impact financial institution balance sheets beginning in 2010. The IASB is giving further consideration to a possible approach to address significant valuation uncertainty through clarifying its existing guidance on valuation adjustments as part of its plan to finalise its exposure draft on fair value measurement.
86	Accounting standard setters should take action to achieve clarity and consistency in the application of valuation and provisioning standards internationally, working with supervisors by the end of 2009.	The IASB published in May 2009 an exposure draft (proposed accounting standard) on fair value measurement that largely incorporates the staff guidance issued in April by the FASB to better identify inactive markets and determine whether transactions are orderly. In July 2009 the BCBS proposed to the IASB high-level principles for replacement of IAS 39.
87	Accounting standard setters should take action to make significant progress towards a single set of high quality global accounting standards by the end of 2009.	In addition to the specific international convergence activities noted above, nearly all FSB jurisdictions have programmes underway to converge with or adopt the standards of the International Accounting Standards Board by 2012.

88	Accounting standard setters should take action to improve involvement of stakeholders, including prudential regulators and emerging markets through the IASB's constitutional review by the end of 2009.	The IASB is working together with supervisors in key areas, including provisioning and valuation, and has had a number of meetings with the BCBS on these issues. In addition, supported by the FSB, the IASB held a meeting with senior officials and technical experts of prudential authorities, market regulators and their international organisations to discuss financial institution reporting issues on 27 August 2009. This meeting included senior representatives from a number of emerging market economies that are FSB members.
89	Regulators and accounting standard setters should enhance the required disclosure in relation to complex financial products by firms to market participants. (By end 2009)	National authorities have taken, and are continuing to take, steps to encourage firms to provide disclosures consistent with international best practice by the Senior Supervisors Group and the FSB, as appropriate. Firms have continued to enhance their risk disclosures in their published annual reports.
CREDIT RATING AGENCIES		
90	We have agreed that for all credit rating agencies whose ratings are used for regulatory purposes, should be subject to a regulatory oversight regime, including registration, consistent with the IOSCO Code of Conduct fundamentals, by the end of 2009.	IOSCO published in March 2009 a report assessing the degree to which credit rating agencies (CRAs) have adopted codes of conduct that reflect the updated provisions of the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (CRAs). The report found that a larger proportion of the CRAs reviewed had taken steps to incorporate the provisions of the IOSCO CRA Code into their codes of conduct than when they were previously surveyed for IOSCO's first implementation review in 2007. National and regional initiatives are ongoing to strengthen oversight of CRAs.
91	National authorities will enforce compliance and require changes to a rating agencies practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (By end 2009)	National and regional initiatives are ongoing to strengthen oversight of CRAs. IOSCO is also assessing how the various regulatory programs for CRAs being implemented by jurisdictions promote the goals of the IOSCO CRA Principles, and is engaged with CRAs to identify whether there are differences in the regulations that can cause operational frictions or inconsistent compliance obligations.
92	BCBS to review the role of external ratings in prudential regulation and determine whether there are any adverse incentives that need to be addressed. (By end 2009).	The BCBS is also reviewing proposals to address a number of inappropriate incentives arising from the use of external ratings in the regulatory capital framework, such as insufficient independent risk assessment by banks and "cliff" effects. Its concrete proposals will be presented in December 2009.